

INSIDE: A saga of submarines, sex and deceit


Maclean's

FEBRUARY 3, 1986

CANADA'S WEEKLY NEWSMAGAZINE

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The new hope for starving children



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refugee in
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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

FEBRUARY 2, 1990, VOL. 10 NO. 5

COVER

New hope for children

A revolution in Third World health care may save half of the 15 million children in the developing world who now die every year. The keys to the crusade are immunization, a simple remedy for diarrheal dehydration and health education. But even though many nations have taken up the challenge, the welfare of a whole generation is still imperiled. —Page 29

COVER PHOTO: LARRY WOOD (OPPOSITE PAGE)



Reagan's new challenges

Despite his enduring personal popularity, President Ronald Reagan, reportedly tired and depressed, faces a turbulent congressional session. —Page 26



The refocusing of Canadair

Last week three federal ministers tried to strengthen the Conservative's image in Quebec when they announced \$50 million in grants to Canadair Ltd. —Page 38



Submarines and deceit

Using a 1984 tax credit, a free-spending Washington, D.C., firm skimmed \$2.7 million from Canadian taxpayers to finance submarines that were never built. —Page 10



Voyager to a distant planet

Voyager II's close encounter with the mysterious planet Uranus after a two-billion-mile journey is another spectacular accomplishment for a durable spacecraft. —Page 46

CONTENTS

Art	47
Amel	9
Books	62
Business/ Economy	26
Canada	16
Cover/ World	20
Editorial	2
Film	64
Forthcoming	64
History	52
Justice	49
Labor	50
Newsmen	43
Passages	4
People	46
Television	56
Theatre	54

Against regionalism

I am tired of reading about the future in the House of Commons caused by the impending closure of the Great Canadian refinery in Montreal ("They problems in Quebec," Canada, Jan 30). In 1985, in this city of 38,000 people, two large, long-established wood-products factories closed their doors, throwing hundreds of employees out of work. To my knowledge, this caused little concern in the press or in Parliament. It is high time that our politicians forget their regional and political differences and tackle the serious problems that face our country.—D. O. WHELLAN RUPERT, L.C., New Brunswick, N.C.



Fotheringham: national differences

Discriminating choices

Slinding out the Biltmore Motor Hotel in your report on Expo 86 with regard to recent rate increases by Vancouver area hotels ("A world's fair gets a truck," Canada, Jan. 30) was both inappropriate and discriminatory. Rather than mentioning any one property, your writer could have more accurately reported that hotel rates have increased throughout the Vancouver area for 1986. In the case of the Biltmore Hotel, the 83% rate hike was well below the true market rate and does not take into account the numerous concessions to the hotel. Other properties have undertaken extensive renovations for Expo and improved services.

—THOMAS TIGHELL,
President
Langford Western Ltd.,
Surrey, B.C.

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FOLLOW-UP

FOLLOW-UP

An underground hero

He was the "Subway Vigilante," the man who refused to be stopped. Three days before Christmas, 1984, four black teenagers approached a bespectacled, wrinkled man on a dingy New York subway train. They asked for \$5, they got five shots from a .38-caliber revolver. All four youths were wounded and one was paralyzed for life. But Gerald "Biggie" Goetz, then 27, an outstanding electrical engineer charged with the shootings, became an instant hero. One New York Daily News headline blared, "Give him a medal." Local opinion pollsters found that most city residents sympathized with him. Not everyone agreed. Last March a grand jury indicted Goetz for attempted murder. But on Jan. 17 a Manhattan judge dismissed the charges against Goetz, citing an error by the state. The judge said that prosecutors had improperly explained the law on self-defense to members of a grand jury. However, the underground hero's troubles are not over yet. He still faces charges of illegal gun possession.

The case has continued to touch off strong emotions. At the root of the controversy is Goetz's motivation: whether he took the law into his own hands simply to defend himself, or to exact a small revenge for an earlier shooting suffered in 1981. New Yorkers are still debating whether Goetz was a victim or a villain. The person himself has said that he acted in a blind rage, an emotion felt by many residents. And one of Goetz's attorneys, Joseph Kefauver, "Goetz was acting out of fear, pain and anger."

But to his detractors Goetz appears cold and calculated. Two of the youths carried away in the shooting were armed swordsmen, but they did not brandish them as weapons or explicitly threaten Goetz. Manhattan's district attorney used their subterfuge to his advantage. When a grand jury in January, 1986, charged Goetz only with illegal handgun possession, state prosecutors immediately pressed for a second investigation, winning an indictment for attempted murder. It was that decision that Goetz's attorneys have appealed successfully.

Goetz's case was actually helped by the youths wounded in the shooting. All four young men angrily testified that they did not intend to rob Goetz; they were, their attorney said, simply "pissed off" for riding. But two months ago the most seriously wounded of the victims, Darrell Calley,

30, usually told a journalist that the other three youths intended to rob Goetz because he "looked like my butt." Since the shooting, two of the other youths have been indicted on a series of charges. One of them, Jason Rosewar, 28, has been charged with raping and robbing a girl at gunpoint.

Canada, you amaze us.

Your response to the famine in Ethiopia and Africa has helped the Canadian Red Cross raise over 6.7 million dollars for relief. Over 5.7 million has been matched by the Federal Government to give us combined total in excess of 12 million dollars. That's an accomplishment we can all be proud of—but it's not enough.

The sad fact is, that the crisis is far from over. Each day the drought turns more and more of the land to desert. Famine has spread to 27 African countries, leaving 150 million people faced with the grim prospect of starvation.

Do write us asking you to do even bigger work on our behalf. Our thanks, and our assurance that every dollar you give the

Red Cross for African relief will be put to work at the most effective way.

Your generosity has been amazing. You make us proud to be the Canadian Red Cross.



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With your help...
there is hope.



Doing good business

Peter Newman's comment about Sun Life of Canada ("A vintage crop of business books," Business Week, Oct. 21) does not stand up to scrutiny. Sun Life is doing extremely well, so the substantial losses of its policyholders. Sun Life's operating profit amounted to \$359 million in 1984 and \$434 million in 1985. These were by far the largest earnings of any Canadian life insurance company. Sun Life paid, in both 1984 and 1985, the largest amount in dividends to policyholders of any Canadian insurance company. In addition to increasing regular dividends, the company introduced Special Dividend Payments in 1985. Sun Life's 1985 balance of life insurance in force substantially exceeds the amount in force of any other Canadian insurance company.—JENNIFER A. NEWMAN, Assistant Vice-President, Public Relations and Communications for Canada, Sun Life of Canada, Toronto

CORRECTION

The Jan. 30 McKee's Janestuary, "Focusing on a noted tale of interest," quoted Earl Levy, president of the Criminal Lawyers' Association, as saying that because most defence lawyers are increasingly concerned about media coverage, they tend to neglect cross-examination. What Levy actually said was that it was the media that tended to neglect cross-examinations, not the defence lawyers. McKee's regrets the error, which occurred in the production process.

Letters are edited and may be condensed. Writers should supply names, addresses and phone numbers. Mail correspondence to Let us be in the McKee's magazine. The McGraw-Hill Companies, 1221 Avenue of the Americas, New York, NY 10020.

REGAINED: By Quebec Liberal Premier Robert Bourassa, 30, a seat in the Quebec national assembly with a by-election victory in the suburban Montreal riding of Saint-Laurent. Bourassa, who represented the riding of Montreal from 1966 to 1970, defeated nine independent and fringe-party candidates with 36,139 votes, which represented 88 per cent of the popular vote.

OUTRAGED: McKee's columnist, Allan Fotheringham, Editor Kevin Doyle and Managing Editor Robert Lewis to pay damages in the amount of \$10,000 to Michael Hunter, a Vancouver lawyer, and to John Swift, chief of staff for Liberal Leader John Turner, by British Columbia Superior Court Justice Allan Macdonald. The lawyers sued over a Petherborough column in the June 11, 1984, issue of McKee's Peter Hunter, who frequently acted as counsel for Fotheringham in the past, was the one who represented Swift and Hunter in the libel suit.

CHARGED: Ontario entrepreneurs William Phelan, 38, Leonard Rosenberg, 36, Andrew Markle, 42, and four others, with 18 counts of fraud in connection with a multimillion-dollar 1982 real estate transaction involving several trust companies, in Toronto.

BRED: Montreal-born freelance journalist and contributor to McKee's Hunter's "She Canada" magazine Mackenzie Sennack, and her friend, Vancouver photographer Alain Abramson, whose twin-cupped Cannelle jet crashed in the jungle on its approach to Santos, Brazil airport in Guatemala, about 200 km north of Guatemala City, killing 68 people in what was the country's worst-ever air crash.

BRED: Thomas Houston, 75, who helped organize the Canadian Women's Union in the 1930s and played a part in ending the late Ed Hoak's control of the Montreal International Times, in the route. As president manager for Upper Lakes Shipping Ltd., Houston refused in the 1960s to have the company's fleet deal with Baskin's union, which was known for its violent tactics. They dispute led to a government investigation into maritime crime and, in 1964, to Baskin's flight to the United States, where he died last year.

BRED: Actor-singer Gordon MacRae, 64, whose best-known role was as Curly in the movie *Oklahoma!*, after treatment for cancer of the mouth and jaw, and pneumonia, in Lucerne, New MacRae, who starred in dozens of film and stage productions, suffered a stroke in 1984.

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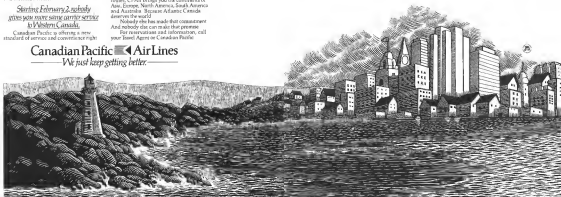
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COLUMN

Fairness and white refugees

By Barbara Amiel

One of the best-selling books last Christmas in South Africa was a slim volume called *Leaving South Africa*. The book is crisscrossed with information for putative South Africans wanting out: immigration requirements of various countries are listed, job skills evaluated, necessary documents listed. According to an article by Stephen Bell in the South Africa-based *correspondent*, for the British magazine *The Spectator*, the book was a bestseller in its local bookshop.

In spite of the attempts of the South African government to minimize what is known as the "shoddy war," the exodus of English-speaking South Africans is clearly accelerating. But where can they go? Bell asks: Is there a place over the family tree in search of a long-lost Irish relative has become a national pastime, while the exodus is crisscrossed with advertisements from North American, Australian and British companies keen to pick up skilled talent at bargain prices. A recent national opinion poll said that close to 30 per cent of English-speaking whites planned to leave South Africa within the next five years.

The debate over whether to let South African refugees into this country has not yet really begun. In the first days of November, there was, of course, the famous 1982 club riot clarification of three-pronged minister Feroze Taseem, who stated that in the event of bloodshed whites would find no refuge in Canada. But such a debate looms on the horizon. At the moment, while South Africa remains relatively stable, few white South Africans would qualify for refugee status. One assumes that South Africans now applying to Canada are treated the same as all other applicants and evaluated on the basis of one country's need and their skills. But the violence in Durban last December—when more than a thousand black youths turned a peaceful rally into a riot accompanied by police and soldiers—indicates the instability of even such black, nationalist organizations as the United Democratic Front to control the onerous situation. Bombs in supermarkets and Zulu tribes pitted against Zulu tribesmen in Natal are the drumbeats of a confrontation building up.

In the event of a bloody war, what

should the stand of Canada be? If the white regime collapses, the regime that replaces it will likely not be one of accommodation but one that will put the lives of the white residents in jeopardy. As a result, millions of white refugees will be trying to get into other countries, including Canada, and they will no doubt be opposed by some whom they will argue that white South Africans were the victims of their own misadventure and deserve no sanctuary in this nation.

There is no question that they will be the authors of their own misfortune. Both the theories and positions of South Africa appeared so defensible, whereas and ultimately highly impractical and self-defeating. But we would be faced with a situation in which a group of people face extinction, and in the manner of all living organisms from cockroaches to whales, they

The Canadian response to a potential flood of white South African refugees should be unequivocal: let them in

will want to get out of the path of destruction.

The response of true liberals should be unequivocal. Let them in. Survival is the first priority. A liberal understands clearly that by saving someone's life one is not necessarily concerned with helping save his ideas. One responds to disaster in much the same way a doctor responds to an accident or a fireman to a burning house: you don't ask the philosophical and political credentials of people before you save them. Ideally, it is wartime soldiers might seek their moral enemies out of the way for a few years after they had repelled an attack by them. It is not surprising that often this didn't happen; it is more to the point that often it did.

There will be those who argue that some sort of screening system should be set up to evaluate South African immigrants regarding their level of involvement with apartheid. This would be a mistake. I do not object to attempts to punish or extradite those West German Nazis resident in Canada who committed major war crimes and against whom there is admissible

evidence. But I am happy that after the Second World War Canada did not try to separate "good" Germans from "bad." In the chaos after the war, it was difficult enough to get into Canada without having people sit in transit camps for 10 years while evidence was gathered and analyzed and every German was subjected to intense scrutiny. The lives of thousands of people who were actually innocent of the events of Hitler's regime would have been ruined. Similarly, in the event of massive violence in South Africa it would be a tragic error to create procedures to determine which immigrants were relatively "innocent" of practicing apartheid. Should 100,000 innocent victims waste away in detention centres in case 100 active racists get into Canada?

It will be argued that no South African can lay claim to being innocent of complicity in the apartheid philosophy that has generated that conflict for so many years. Those of us who are Jews have some sympathy for this argument. Except for a few high-profile people, one will never know how active a person was in the system of apartheid. You will not know whether a man was vehemently pro- or anti-apartheid or simply a plunger who moved about rust and joints and never gave apartheid much thought. It may be one of the great tragedies in the world that most people don't give the political system in their countries or women's consciences. Most people seem to take their societies for granted and if they are told, for example, that their system of jurisprudence is fair, or that apartheid is necessary, they simply accept such assertions without further investigation.

But a person in immediate danger is still in danger, and we should pluck him out of the water whether he is a terrorist, a Communist or a South African. If we want a better world, we must try to convince those people who embrace an inhuman belief that they were wrong. We prove our superior humanity by saving their lives.

So when the debate begins, this must be the position of all liberals: to give sanctuary not because one endorses the philosophy that gave rise to South Africa apartheid but precisely because one abhors it and does not want to engage in action that resembles it—namely allowing people to suffer or die or deprive them of ideological reasons.



Submarines and deceit

In a hindsight, it seemed like a strikingly inappropriate enterprise to launch in the laidback Ontario city of Kitchener. But when the local Kitchener Waterloo Record reported last March that a company called the Naval Research and Development intended to build a \$30-million miniature submarine research and manufacturing company, residents of the industrial city of 150,000 welcomed the proposal. Indeed, two spokesmen said that when the factory was completed in late 1988, 200 skilled jobs would be created. By 1990 there might be as many as 500 new jobs, a company spokesman had said. For many, it seemed too good to be true—and it was.

Less than a year later, awash in a sea of red ink, OWs has sunk from night, taking along \$17 million in Canadian taxpayers' money with it. Several local businesses that had been swept up in the crew enthusiasm were left holding the bill for thousands more. The Record, the daily newspaper that saluted OW's arrival in the city, undertook to chronicle its downfall. A series of stories published here last year by reporters Gregory Haines and Tom Stone reveal a business—and serious—abuse of the federal tax system. Moreover, documents obtained by the Record and verified by Maclean's indicate that one employee of the federally supported company was involved in international weapons sales. Another was convicted of cocaine trafficking. And a third was indicted for kidnapping. Sold on a note to Regina News Democrat Mr. Simon de Jong, who raised the OW's issue in the *Comex* last week. "It was quite a story."

The promised factory overgrown beyond its company's glory. Brothers War did not survive the dream of which, Maclean's has learned, was based largely on a German reconstruction used during the Second World War. But when and if Reverse Canada investigations unravel the details of two finances, they say expect to find that at least \$17 million in federal tax grants was squandered—in part on astronomical hotel bills, luxury cars, a collection of beautiful and expensive miniature and foreign travel. But one source close to the company, who insists that there was ever a serious attempt to go beyond the planning stages. "They were just in it for a good time."



Kitchener's Valtata Inn and (right) Densbourg: submarines and careers

The good times were apparently financed by part of \$17 million shovelled on the company under the now discontinued Scientific Research Tax Credit program. The program—which began in January, 1984, under the former Liberal government and expired 39 months later after a Tory government had taken office—was intended to use tax incentives to stimulate research and development. But from the beginning the project ran wildly beyond its \$100-to-\$400-million targeted estimates. The final cost, about \$1 billion, Finance Minister Michael Wilson added many of the worst abuses in October, 1988, but the program continued to hemorrhage funds until the end of 1988 because Ottawa allowed firms to participate if research was already under way.

As a result, OWs received its funds about two months after the Conservative government. A letter prepared on Nov. 25, 1984, by the Waterloo, Ont.,

office of Dan Woody and C. Chaurand associates, to Revenue Canada said that the funds were accepted to augment the \$53.2 million that the company said it was prepared to spend on research. There is little evidence that OWs conducted any significant submarine research before. Revenue Canada officials agreed about six million tax dollars remaining in the two treasury years less than a year later, in October, 1985, effectively closing the company. That action, de Jong said last week, was taken too late. "The government didn't have the agency in place to supervise these tax credits, so here you have a group of drug runners and arms dealers being able to pull off a scam." Other critics claim that the rules were so lax that dozens of shell companies acquired the agency's approval without doing any legitimate research.

The government's chances of recovering the missing \$17 million seem re-

mote. Many of the firm's principals are living abroad and are out of reach. The company's chief executive officer and sole owner, Paul Gerhard Hiera, a 48-year-old German national wanted for fraud in Cologne, died mysteriously in Kitchener on June 5. His son, 20-year-old Stefan, who worked as a sales agent and draftsman for OWs, was contacted in Pennsylvania last month for

Maclean's last month. The source, who was close to several OWs principals, said that the man in the cockpit had longer, straighter hair than Hiera and his first name was Christian. Added the source, who requested anonymity: "If I had to stake my life on this, I would say that it is not Paul Hiera." But a publisher at the funeral inquired last week, "I saw him in the coffin. I saw



his part in a multimillion-dollar cocaine ring in South America, Canada and the United States. And Lebanese-American, Alan Jardi, a 46-year-old vice-president, has returned to Miami. Company documents show that Jardi used OWs as a base for attempts to sell fighter jets, missiles and torpedoes to foreign brokers and governments.

The demise of OWs and the apparent death of its president left behind a series of awkward issues that have puzzled agencies ranging from the local Waterloo Regional Police to the RCMP, the FBI and Revenue Canada. Among the unresolved questions:

•Did Paul Hiera kill his death? Hiera died last week of an apparent heart attack suffered while working at OW's suite of offices in Kitchener. After a medical funeral, he was buried in a cemetery in Kitchener's twin city of Waterloo. Later, however, one of the paramedics at the funeral inquired if he had the body buried in Waterloo because only a medical funeral is held there. The same allegation was repeated to

then lower the lid I saw them put him into the ground—and it was true."

•Was OWs involved in international arms dealing? Company documents obtained by the Record—and a further investigation by Maclean's—indicate that Jardi made several attempts to sell arms. In a confidential memo written in March about a 1985 sales trip to Tokyo and Korea, Jardi recalled telling a Korean general, "about the torpedoes and how we would sell them to him tomorrow." And in a handwritten letter dated April 12, 1985, Jardi offered 68 F-16 fighter jets equipped with "rocket launchers and 30-mm cannons" to a London-based security firm for an unspecified price. He addressed to \$35 million (U.S.) worth of spare parts, Jardi also offered the London firm, Sotex Engineering and Marketing Ltd., 13 F-16, twin-engine supersonic jet fighters. The planes, at \$4 million (U.S.) each, were "equipped with side-winder missiles, laser-guided bombs and work experience in the U.S. department of state and an outstanding

Yasser Moutan, managing director of Sotex, confirmed in London last week that Jardi had attempted to sell him fighter aircraft, although he said he was not certain whether Jardi was acting as behalf of son or for himself. Moutan, who described Sotex as a security firm involved in "antiterrorism, protection of buildings, etc., that sort of thing," said he declined Jardi's offer. He responded, however, that he had written to Paul Hiera on Oct. 20, 1984, expressing interest in a trial purchase of one or two mini-submarines from Sotex at a cost of \$4.2 million each, with a potential sale of as many as 30 more later. Although the submarines could be fitted with torpedoes, Moutan said that his client, an unnamed government, was interested in the units for offshore oil operations. "Personally, never thought the two people were particularly serious," he told Maclean's. "They were coming up with all sorts of fantastic claims, that were never backed up by any proof."

At work's end Maclean's traced Jardi, now unemployed, to a modest bungalow in South Miami. According to a source close to the family, Jardi's actions at OWs were directed by Hiera. In fact, the source said that Jardi claims to have had no connection with the company's research and development program. He added that Jardi also claims that the company owes him back pay.

•Were there links between OWs and an international cocaine-smuggling network? The only certain link is Stefan, Paul Hiera's German-born son. A close friend in Kitchener said that Stefan Hiera did little at OWs other than drive fairly mobile readings of automobiles that were never billed. However, Stefan also was arrested with another German national, Meite Dollinger, and charged with cocaine trafficking. The two men were arrested by FBI agents last Sept. 21 near Williamsport, Pa. Stefan, who later pleaded guilty to his part in distributing 15 kilograms of cocaine, was sentenced on Jan. 19 to six months in prison plus one year's probation. He received a \$100,000 fine. Stefan is agreeing to co-operate with U.S. authorities.

•Why were Canadian agencies not suspicious of OWs? A company proprietor, apparently designed for investors and for submission to the Canadian government, notes that in addition to the company's "highly innovative" and "ability to carry out sea military hardware" and would avoid detection by some. Attached biographies of key management—most either American or European—were vague. Hiera boasted of decades in political campaigns, two years in the service and work experience in the U.S. department of state and an outstanding

United Nations project Jardi was described as a "specialist in electronic surveillance equipment, security systems and communications" who "served as a security consultant to several Latin American governments." And Dr. Mario D'Almeida, a Cuban working in development planning for UN, listed four advanced degrees, also from unnamed universities.

The Bureau was unable to verify much of the biographical information

Austrian who served as a senior vice-president of UN—has a number of potential grants for which UN might be eligible. However, if you decide that you wish to locate in Cape Breton, there are further mountains available," the letter added. "This should be worth exploring."

How closely Revenue Canada followed UN's activities is unclear. Payments of the Income Tax Act prohibit officials from commenting on specific

cases. However, senior officials in Kitchener say that they monitored the company for several months prior to its closure. Said Sgt. Ole Rasmussen of the department's commercial crime unit, "We found people who attracted our interest. And from that point on, these people also attracted the interest of other federal departments."

Also watching the affairs of UN with interest was Kitchener Security. Here's a body in question

But Ottawa appears to have taken the information at face value. A company letter addressed to Douglas Laury, an industrial training consultant with the Kitchener office of Employment and Immigration, asked him to facilitate the granting of Canadian work permits for at least five foreign nationals "who have an extremely important role in our."

Laury quickly complied. Even federal Solicitor General Ferris Bessie wrote the revenue minister, wrote to Jardi. Acknowledging UN's praise for the "prompt service" with which his department had processed the tax credits, Bessie wrote, "I was glad to know of my department's co-operation with your firm and I will ensure that the proper people are advised."

Later, Bessie said the letter was little more than a routine acknowledgment. More than a month after Bessie died without a will, leaving the future of her assets, the Halifax branch of the department of regional and anti-expenditure wrote to the company in response to a presentation. In that letter, the department expressed interest in another research project, an irrigation system designed for use in developing countries. The letter—written on July 25 to Helmut Altmeppen-Althausen, an

at least two area businessmen acknowledge that they were derived by UN's air of legitimacy. As employee of a Waterloo sex rental agency, who requested anonymity, said that his company was left with a no-nonsense leasing contract worth about \$40,000. He noted, "I was not required for any use. And David Harri, president of Incon Construction Co Ltd. of Kitchener, invited me, purchasing a 15-acre site on behalf of UN. His company even drafted plans for a factory that included a deep-water test pool and a helicopter pad. Said Harri, "I would assume, like anyone else would, that these programs are fairly well investigated."

—KEN MACLEOD in Ottawa with
NICK LANGER in Kitchener and NICK LANGER
in London



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Sorting out the conflicts

By the urgent and secretive activity that surrounded it, the Victoria legislature building seemed more like a fortress under siege last week than the stately home of democracy in British Columbia. Late Tuesday night Premier William Bennett conferred with senior aides in closed-door strategy sessions. One veteran cabinet member, Parents Minister Thomas Waterland, had already resigned amid conflict-of-interest charges. Another, Se-

dimentary Those nine companies control Western Forest Products, which owns disputed timber rights—issued by Waterland's department—on Lefth Island, in the South Moresby archipelago north of Vancouver Island, where a controversial logging operation resumed last week. In turn, the consortium's pulp mills rely on wood supplied from South Moresby. All that prompted Vancouver Sea columnist Vaughn Palmer to write "The minister of for-

estment in December giving cheaper electrical rates to a pulp mill belonging to WF. Waterland personally owned his investment in WF, and it was publicly disclosed in financial statements as required by provincial laws. Rogers's interests in WF, although held indirectly through a holding company, Mani-gowry Investments Ltd., were disclosed under the same act. His association with WF surfaced only when his name was found on a list of invest-

ment, including South Moresby. When the list of WF investors was published last week, committee chairman Bryan Williams, a Vancouver lawyer, was among them. Williams said that he disclosed his interests in WF on Dec. 9. But that was almost three weeks after joining the committee. Said Haida chief Mike Richardson: "The whole thing stinks. There should be a full investigation."

To defuse the controversy, Bennett announced a set of tougher conflict-of-interest guidelines for all MLAs and senior bureaucrats. The rules, to be introduced when the legislature reconvenes, will give ministers and senior

as a witness after a public investigation discovered a \$130 charge from the secret service on the minister's Visa MII. He did not resign.

Meanwhile, the logging operation resumed on Lefth Island. Since October, 72 Haida Indians have been charged with defying a court order banning interference with forestry operations. The Haida have been protesting logging since 1974 because they regard the area as their ancestral land. The tribe filed its land claim with the federal government in 1980, one of about 50 bands with claims that cover two-thirds of British Columbia. The Haida are supported by conservationists who want South Moresby preserved as a plant and animal refuge.

But Western Forest Products owns cutting rights to 20 per cent of South Moresby's forests and 800-year-old stands of virgin cedar and spruce. A logging ban, company spokesmen claim, would result in 1,500 jobs and a \$45-million loss to the provincial economy over the next 45 years. Last week, when the logging trucks returned after five weeks, 14 Haida moved aside and let them pass, averting a confrontation. Richardson is scheduled to meet government officials next week to seek a way out of the deadlock.

One option under discussion: a Parks Canada proposal to incorporate the Haida's land claim into a national park. For its part, the BC government has deferred any decision about the fate of Moresby until it receives the wilderness committee report due Feb. 15. But the committee faced a formidable task.

Said vice-chairman Derek Scollan, a University of Victoria professor specializing in resource issues: "Some would call it mission impossible."

The intensity of the debate has been mirrored in the committee's public hearings. There, the conservationists are being confronted by an industry that has been lobbying for their livelihood. Recalling the panel's recent visit to the Moresby island town of Sandspit, logger Robert Smith, who publishes a local newsletter known as the *First Next News*, said that he and only two speakers who spoke for the severest nationalists. We bowed the both of them out of the hall." At week's end, the divided province was locked in a second—and fiercely emotional—debate that the Bennett government had not yet resolved and may have great difficulty resolving.

—JANE O'BARA with DEANNE LOCKTON in Vancouver

A search for labor peace

The document was a secret 10 pages long, but in the increasingly charged atmosphere of labor relations in Saskatchewan it was seen as a potential milestone. A report by mediator Vincent Roddy attempted to resolve a bitter six-month contract dispute involving 32,000 members of the Saskatchewan Government Employees Union (SSEU), who have celebrated a series of disruptive rotating strikes since last October. Premier Grant Devine endorsed Roddy's proposal as a "framework for agreement," but then issued a warning to the union and the strikes by Monday at 5 p.m. or face unspecified consequences, likely back-to-work legislation. The union, at first cautiously optimistic about the confidential report, was clearly angered by Devine's comments. Declared chief union negotiator Rick Anquet: "We consider it blackmail. It's an intimidation prevention."

The Roddy formula seemed to take the government's wish. It recommended that the union accept the province's offer of a three-per-cent wage increase retroactive to last Oct. 1 and a lump-sum signing bonus of \$700. In order to end the protracted dispute—the union has been without a contract since October, 1984—Roddy proposed that debates over job classifications and demoralized living be temporarily shelved. Because the SSEU agreed to Roddy's appointment, some observers said that the union may well accept the mediator's advice.

The union's rotating strikes have crippled some government services. A continuing walkout by land title workers in Regina has severely slowed the city's real estate industry. About \$60 million in transactions has been delayed. Because the SSEU agents have been unable to complete deals and collect commissions, said Wayne White, past president of the city's real estate association: "We're at the crisis point." But last week, responding to Devine's warning, the union agreed that walkouts would continue until a negotiated settlement was reached.

The heightened tension in the SSEU dispute once again drew angry anger among labor leaders over a controversial Saskatchewan Labor Relations Board ruling. The board drew out contract battle. The board ruled on Jan. 30 that Canada Safety Ltd. had not acted improperly when it negoti-



Waterland left: Bennett's ramifications that go far beyond the confines of Victoria's controversial cabinet chambers.

ergy Minister Stephen Rogers, was under attack on the same grounds. For two days, using side and rear exits to the legislature, Bennett and Rogers managed to avoid questions. But pressure from the opposition New Democratic Party and the press was clearly building. Then, emerging from a Wednesday morning cabinet meeting, the premier announced a new set of conflict-of-interest guidelines—but he said he would not ask for Rogers's resignation. Said Bennett: "The minister of energy is not in a conflict position. If anyone has any other allegations, let them make them public."

Waterland, 58, a cabinet minister for 16 years, admitted having bought \$20,000 worth of crude in a pulp mill consortium, Western Pulp Limited Partnership (WPL). His \$883,000 investment entitled him to an \$18,000 cash deferment, spread over five years, and it gave him a share in three B.C. companies active in the forest in-

dustry. He has an interest in a forest company, a firm that itself has an interest in one of the most sensitive land-use questions in the province's history (see *Inside the Haida-Hawkesworth*).

Rogers, heir to a family fortune estimated at \$20 million to \$30 million, had invested \$100,000 in the same tax-shelter scheme. Like his colleague, he sat on the cabinet's environment and land-use committee, which recommends where timber rights will be issued and to whom.

The committee was part of the domain-management process that allowed Western Forest Products—a WF partner—to log Lefth Island. More over, Waterland admitted that Rogers agreed a cabinet

member in Victoria. But both ministers denied any conflict of interest.

Bennett's Wednesday announcement was an exercise in damage control. His objective was to move the scandal off the front pages and ensure that the revelation did not become an issue in the next provincial election, expected this year. But the ramifications of the incident went far beyond the confines of Victoria's comfortable cabinet chambers.

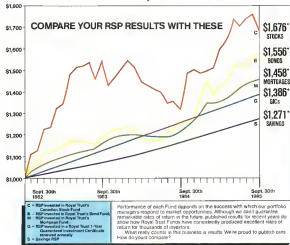
The controversy also affected the government's wilderness advisory committee, an eight-member panel established on Oct. 10 to gather public testimony and advise the cabinet on environmental legislation. The panel's report was called

Report: Family money



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ally imposed new working conditions on unskilled clerks in 48 Saskatchewan stores. When negotiations broke down last November, Sifway changed the terms and conditions of their contract, hiring part-time employees to bag groceries and imposing a new work schedule. The cost-cutting measures were largely a response to the increasingly competitive retail food industry in Regina. Sifway's wholesale subsidiary, Macdonald Consolidated, is embroiled in another bitter battle with 500 unskilled warehouse workers in Regina and Saskatoon, who have been laid off since last October.

According to union leaders, Sifway's unilateral action violated the tradition of honoring the terms of expired contracts. And the ruling prompted immediate calls for the resignation of labor board chairman Dennis Ball. In fact, two members of the five-man board disagreed strongly enough with the ruling to write a dissenting opinion. Their position "The majority decision will result in chaos in established bargaining procedures." The terms of a contract have always stayed in place—that has been the premise of labor-management negotiations.

For his part, labor Minister Grant Schmidt seemed unlikely to intervene. Declared Schmidt: "I do not believe this is an emergency situation." The sound of work is not going to collapse as a result of this," he added. The Derrin government may act politically from taking a hard line with organized labor. As the fourth anniversary of the Conservative election victory approached, there are growing signs that the premier may want to place some elements of the party who say that he is leaning too far to the left.

Of the 35 Conservative MLAs elected in the 64-seat legislature in April, 1982, 13 have resigned from the caucus or are seriously considering resignation. Since last May, Lloyd Hanson, who left the Tories to join the separatist Western Canada Concept party last month, "I consider myself a traditional right winger and I am not too happy with the direction of the present administration." A tiny shareholder with the union, which could be blamed in part on their traditional alliance in the opposition New Democratic Party, would be a conservative Conservative (laughing) paid for a Saskatchewan election, expected before autumn.

—DAVID BEHRENS in Regina



Irving plant on Charlottetown harbor: a cleanup operation lasting until spring

Cleanup on the Island

The road from federal Environment Minister Thomas McMillan's constituency office in Charlottetown to his home in nearby Kejbyok road is a white gasoline station tank overlooking the city's harbor. The tanks are owned by New Brunswick-based Irving Oil, the petroleum company that controls almost 90 per cent of Eastern Canada's energy market. On Dec. 29 a 4.5-million-litre tank started to leak gasoline—mostly how much remains unclear—and the results have sparked concern across Prince Edward Island. Last week, after winter weather created flooding and runoff, the spill posed a potential threat to the city's harbor and its fish and wildlife. The Irving company, McMillan charged, was acting as a poor corporate citizen. "How could an efficient corporate giant like Irving not know how much gas has been lost?" the minister asked in a speech to the local Rotary Club. "And if it did know, why did it choose to hide it?"

Two days later, after meetings among provincial and Irving officials, the province's environment department announced that as much as 34,900 L had leaked from the tank—55 times the company's original estimate. Despite the statement, based on Irving inventory records, the company said (its records were inaccurate because winter temperatures had caused the gas to contract and the shape of the tank to change. According to Irving, only 13,000 L had spilled.

While the gas had seeped to the water table much as above, about four feet

below the surface, environment officials said that none had yet drained into the harbor. Crews recovered 1,500 L from the ground surface, and last Wednesday Irving installed collection pipes in five recovery wells that it had dug early in January. Environment officials said that the cleanup will likely continue until spring, with Irving paying the cost.

In part, last week's outcry was a result of several earlier Irving mishaps. The company has reported four plant spills since 1982 in Prince Edward Island, and the Christmas Day spill, said McMillan, was about 15 times greater than the worst earlier one. Still, officials concede that it might have been more serious. In 1977 the province's then-Liberal government ordered Irving to erect a dike around its tanks. This dike, environmental experts said, may save the town's harbor from contamination.

But some Charlottetown citizens last week seemed unconvinced. Ralph Gauthier, a small fisherman whose shed on the harbor is at about 300 yards from the tanks, blamed Irving for his poor catch. "Every year at this time this place is teeming with smelt," said Gauthier. "Now, as one is catching any I blame that gas spill." For its part, Irving last week requested a meeting with McMillan to discuss his charges, and claimed it was working with officials in a "spirit of co-operation."

—LINDA BARRETT with KATHERINE MACANTHONY in Charlottetown

Stevens's secret Korean project

The top-secret project taken to a secret site in Ottawa as "Stevens's dirty" for several months. The industry government's minister for regional industrial expansion has been quietly negotiating with a huge South Korean multinational,

Daeewo Corp. Their common goal: to open a textile factory in Canada that would employ 1,200 people and manufacture men's suits. Stevens, however, faces a major problem. McMillan has learned that Daeewo wants at least half of the workers to be imported from South Korea—and to work for less pay than is normally given Canadian garment workers.

Federal officials said last week that the negotiations are at a "very preliminary stage." But Nam Chae Kim, general manager of Daeewo's Montreal office, said he expects that a corporate survey team will visit Canada within a month to examine site proposals in Quebec, New Brunswick or Nova Scotia. Said Kim: "If the Canadian government accepts our request, we'll be ready to leave any time within three to five months from the agreement." And Daeewo's plans for Canada do not just include textiles. Added Kim, who is not directly involved in the talks, "If business looks good, we'll build another factory." Daeewo, he noted, is involved in everything from electronics to shipbuilding, and it had 1982 sales of \$7.7 billion (U.S.).

The actual proposals for workers to be imported for the suit factory is now under negotiation with Ottawa. Changes to existing immigration rules would likely be necessary if hundreds of foreign workers were imported en masse.

Knowledge of the Daeewo proposal is limited to a handful of people within Stevens's department and has not yet reached the full cabinet, according to official sources. Even Immigration Minister Walter McLean initially said McMillan's claim was unaware of the Daeewo proposal. He declined hearing about a similar project in which a South Korean company wanted to im-

port workers to economically depressed Cape Breton. Said McLean: "The last one I saw was somebody, an entrepreneur, trying to do something to Cape Breton, but the people there didn't think it was going to come to pass." McLean, however, said he would



Stevens: closing anger from the unemployed

make inquiries about the Daeewo plan. The next day an aide, Paul Charlier, said all inquiries should be directed to Stevens's office.

Both union and industry representatives predicted that the government will face a major battle if it allows Daeewo to import hundreds of workers and pay them less than union wages. Unemployment is high in the Canadian textile and clothing industries—the total number employed has decreased 11.9 per cent since 1961—largely because of stiff competition from low-wage countries such as South Korea. But growing international protectionism has caused declining sales and unemployment in South Korea, making foreign investment projects an attractive

proposition. Eric Barry, president of the Canadian Textile Institute, said that there "could be quite a sales boom from Canadian unions if Daeewo were allowed to import workers. And John Allanson, a Quebec director of the Amalgamated Clothing and Textile

Workers Union, pointed out that unemployment among Quebec clothing workers is already 20 per cent. Said Allanson: "I don't know how the government could ever consider such an offer."

The plans under discussion indicate that Daeewo would have an annual production of 300,000 men's suits made of 100-per-cent wool and another 90,000 suits of wool and polyester mix, about half of the production would be exported to the United States. In theory that plan would allow Daeewo to circumvent U.S. import quotas that apply to textile products from South Korea but not from Canada—although U.S. competitors would likely protest. The elimination of tariffs in any future U.S.-Canada free trade agreement would be an added bonus.

The negotiations apparently began last August, when Stevens visited South Korea. But the minister is reluctant to discuss the project. Asked to comment on Daeewo's wish to import workers, Stevens said: "When we were in Korea that type of thing was common. But you'd have to look at a lot of the type of business they're in, before I'd want to come in any decision."

Stevens played a major role in negotiating a deal last year with the South Korean firm Hyundai to build a \$300-million steel plant near Brampton, Quebec. Says Stevens, "I was involved. I was in the Canadian embassy in the South Korean embassy in Ottawa." Many big companies in Korea are showing interest in coming to Canada. "Union manager Allanson said he, too, welcomes foreign investment. He caveat that foreigners employ Canadian workers.

—PAUL GIBBELL in Ottawa

new hope for the children

WORLD/COVER

T heir pleading faces haunt the dark side of the Western world's conscience. For visitors to the developing world's poor countries, they are the ragged waifs begging for a few pesos, cruzeiros or roubles. For most, the images of children in want, or dying of preventable diseases, are disturbingly documented on television in the faces of famished African infants, orphans of Asian wars or abandoned orphans in the streets of Latin America. The wealthy world has been moved as never before—that year Canada privately donated \$60 million toward African famine relief alone. Now, child health authorities are convinced that a new global crusade using simple but potent remedies will save millions from needless pain and early death.

Outbreaks: The challenge of the children's plights is becoming more acute. Of the world's 14 billion children under age 15, fully 21 percent—3 billion—live largely impoverished lives in developing countries. Most of them suffer from malnutrition. Child mortality statistics in the poor world are grim. WHO in Canada data the mortality rate for infants in their first year is only nine per thousand, in the potentially parched African republic of Mali the rate is 150 of every 1,000. Worse, the United Nations Children's Fund (UNICEF) reports that 35 million children under the age of 5 die every year, many of them from preventable diseases. For those who survive, the prospects are still daunting. Widespread malnutrition stunts growth, intelligence and productivity. Lack of vitamin A—the result of di-

etary deficiencies—results in blindness in about 250,000 children a year.

Still, there is now a new sense of optimism among Western aid workers. Said David Morley, executive director of Toronto-based Pathfinders Canada Inc., a charitable organization that works with children in Costa Rica and the Dominican Republic: "There is a child survival revolution." Indeed, UNICEF's most recent report, *The State of the World's Children 1988*, says that revolutions—based on simple, cheap and effective methods—has the potential to save 75 million Third World children a year. Universal immunization can virtually eradicate measles, whooping cough, tetanus, diphtheria and polio, which between them kill 3.5 million children annually.

At the same time, oral rehydration



Immunization in Colombia: A revolution in child health

therapy (ORT)—the administration of a salt, sugar and water solution to children, usually by their parents—can effectively counter the effects of diarrhea-induced dehydration, which kills as many as four million children each

year. Central to the progress in education: helping Third World parents watch for signs of illness or malnutrition which can often be cheaply remedied.

Apocalypse: In fact, UNICEF estimates that increasing immunization is already preventing up to a million child deaths a year. More than 40 countries—constituting two-thirds of the developing world's children—have announced that they will implement universal immunization by 1990. In some countries the results have been spectacular: since instituting its National Vaccination Days in 1980, Brazil, for one, has significantly reduced the incidence of polio. Before 1980 the disease paralyzed 30,000 children a year. That number has dropped to less than 60. Protection against measles for Brazilian children under 1 now stands at 80 per cent, compared with 56 per cent in 1978. And immunization against diphtheria, whooping cough and tetanus is up to 67 per cent from 29 per cent.

These results—also evident in other countries—can now change from messages of diseases that have been all but eliminated in the Western world. Whooping cough, for one, which did not take a single Canadian child's life in 1983—the last year for which statistics are available—will kill 600,000 Third World children a year. Their deaths, as described in the UNICEF report, are agonizing: "Weakened by vomiting and coughing, struggling to breathe through lungs clogged by mucus and food, the child begins another fit, sometimes reaching a point where the air unconsciously from the lungs finally forcing the chest to collapse, slumping the child forward until the fit ends. Only this time, the child does not breathe in."

Scavenging: No less dramatic than the spread of immunization is the rapidly increasing use of ORT, a simple and effective treatment for diarrheal dehydration. The method is already saving more than 500,000 Third World children a year. It replaces fluids in a child's body lost through diarrhea, which is usually caused by water-borne bacteria. More than 170 million packets of premixed ORT solution are available worldwide. If packets are unavailable, parents can be taught to prepare their own. Egypt, where 50,000 children die every year from dehydration, began a campaign in 1983 to promote ORT throughout the country. More than 100,000 health workers have now started ORT centres to administer the substance and instruct parents in its use. In trials done in the



Kenyan mother unloading food in Brazil: teaching people to counter the ravages of malnutrition

city of Alexandria in 1983, the child death rate was reduced by 30 per cent. Egyptian authorities say that when the nationwide campaign ends in 1987 they expect the country's child mortality rate of 100 deaths per thousand births to be reduced by 30 per cent.

Just as important in the battle to save the developing world's children is the need to train local health volunteers to offer advice on simple ways to improve nutrition and health. One method is the selection of high-energy fat, oil and mashed vegetables to a weaned infant's food to counter the danger of malnutrition. As well, breastfeeding has increasingly replaced the use of artificial milk formula.

Volunteers: The use of volunteer health care workers has expanded rapidly in some developing countries. In Indonesia almost six million local volunteers—called *desas*—now work in more than 40,000 of the country's 67,000 villages. In Thailand about 500,000 trained village volunteers have brought primary health care to 85 per cent of the country's 50,000 villages. Indeed, UNICEF's 1988 report poses a challenge to the rest of the world to

build on these impressive results. Copeland the report: "Present knowledge holds out the opportunity to provide, for the first time, a basic minimum protection for the lives and growth of all the world's children and to do so at a very low cost and in a very short time."

Prognosis: The message is one of hope—but the overall picture is still colored with despair. For one thing, even if UNICEF's optimistic projections are realized, at least 75 million children of the age of 5 will continue to die every year. The survivors will inherit a world filled with major problems. Because of accidents of geography, Third World countries are prone to disasters that serve only to further deplete a child's already fragile existence. Drought and famine now hold large parts of the African continent in a oval stranglehold, and experts say the situation will worsen as the de-

sert continues its inexorable advance southward. The devastation wrought by the Mexico earthquake last September is not an exception—most of the earth's natural violence occurs in the Third World.

Warfare: In which children are often innocent victims, is also a Third World feature. Of the more than 120 nations that make up the developing world, 40 are new or have recently been involved in war or civil strife. In Lebanon, where children have grown up with bloodshed since that country's civil war began in 1975, psychologists have observed that many have developed symptoms of depression and

an inability to concentrate. In El Salvador, where government troops and rebel guerrillas have battled for more than five years, as many as 300,000 children have been orphaned—many of them suffering psychological damage after witnessing the



Stappo educating



Street children in Indonesia; child workers in Guatemala (right) for too many, relief will come too late



COVER

terrors or murder of family members. Said Fausto Vazquez Hospital staff psychiatrist Dr. Federico Alido, a member of the Canadian Center for the Investigation and Prevention of Torture: "If an alternative family bond is not established, these children have a great possibility of becoming delinquent or disturbed."

Still, the most pressing problem facing the developing world in grinding poverty. From the shantytown favelas of Brazil to the squalid, crowded villages of equatorial Africa, an estimated 35 per cent of the developing world's children are perpetually deprived of adequate food and other necessities. In many rural areas of Africa, farming families carve out a marginal existence on land that turns into desert. In Bangladesh and other Asian countries the practice of dividing property among many heirs has resulted in the cultivation of small plots of land that simply cannot sustain them. Many compete for the small

number of farm labor jobs available from larger landowners. Other jobs, the flood of migrants to city slums, from Berkeley to Mexico City.

Jobless. But unemployment does not lead to the creation of new jobs, and there is little improvement in living conditions. In the Kenyan capital of Nairobi, whose population of one million is growing at about seven per cent a year, wretched informal structures pushed together out of cardboard and plastic sheets provide about a third of urban housing. Without such essential services as water, basic sanitation and refuse collection, the slums are home to most of the rural immigrants. Their diets are inadequate, and malnutrition is passed from mother to child during pregnancy. In turn, the malnourished children—beast by physical illness and rooted in poverty—also produce malnourished children.

Brazil, far too, regularly rejects about half of the young men who report for military service each year. The reason, they are physically below standard, a result of malnutrition that

began in the mother's womb. In the impoverished northeastern Brazilian state of Sergipe, children are on average five inches shorter than those from healthier Rio de Janeiro. Said Professor Augusto de Lima e Silva, a doctor at the Alberto Sabin children's hospital in Fortaleza, in northeastern Brazil: "We are creating a race of idiots with almost no intellectual capacity because protein intake during pregnancy is vital. We sell their children obediently, reduced to beasts—because they will never learn to write and will be condemned to delinquency or prostitution in the cities."

In fact, some do become prostitutes—often following the example of mothers who can find no other means of earning an income. Said Anne Brett Niggard, an officer of the Child Welfare Society of Kenya in Nairobi: "Prostitutes put their children on the streets while they are working at night. A lot of girls start plying their mothers' trade at the age of 10. They are expected to bring home some money, no questions asked." Others turn to

pottery, but all are part of the starving army of street children who plague most Third World cities. In Latin America and the Caribbean alone, an estimated 40 million children spend most of their time on the streets.

Many of them are orphans, runaways or abandoned children. Others do not get a marginal but honest living to supplement the meagre incomes of their families. The number of working children in the developing world is uncertain, but in India government officials estimate that as many as 70 million children work—earning water, sharing shoes or selling pins—to survive. And working conditions are often inhumane. In a recent and widely published case in India, a local barber earned 27 kays between the ages of 5 and 10 away from their village in a primitive part of northern India. Among the payments a free film show and 10 rupees—about \$1. Instead, they were driven to a town in Uttar Pradesh and put to work making ornaments for a day. If they complained during their 10-hour workdays, a foreman would beat them.

Overlaid. Indeed, poverty-stricken parents often seek such employment for their children. In Kenya rural parents send their offspring to urban areas where they work as nomads for as little as \$80 a month. In India parents use their children's labor as collateral for private loans. Said Tara A. Bhag, former president of the Indian Council for Child Welfare: "In almost every case there is a nexus between the parents and the employer. A child is an integral part of the family's economics and has always been a worker in a rural family. That pattern doesn't change if they come to live in a city state."

Spoken for some Western relief agencies say that unless the social abuse of children is curbed through medical remedies and improved nutrition means little. **CHILD DEVELOPMENT.** An international development organization concentrates on community self-help projects in Latin America, Africa and the Caribbean. Said **OPRAN'S** Mary Corbrey: "You cannot live on redistribution alone." Another such agency is **CARE Canada**, which funds agricultural extension projects in Kenya and Nicaragua designed to help children learn garden farming and small-fisheries production. Said **CARE'S** Patricia Shapiro: "The better idea is to make it possible for kids to make a living where they are and stem the flow of people into the city slums."

The **World Bank**, however, cannot address the developing world's growing problem: too many people starving limited resources. And so de-



Relief centre in Ethiopia: a global picture still clouded with despair

veloping countries struggle under the burden of their more than \$3-trillion debt to the developed world's banks and governments, newspapers say that the globe's population will double by the middle of the next century. Still, they add that advanced health care and a decline in infant mortality will stave off a decline in birth rates as parents, more sure of keeping the children they have, settle for smaller families. The United Nations report points out that China, Sri Lanka, Costa Rica, South Korea and Singapore have all accomplished this.

These countries, however, have impeding family planning programs. In other countries cultural obstacles must be overcome before the birth rate declines. Egyptians have resisted planned parenthood campaigns, although the country's infant mortality rate has been reduced from 385 per thousand births in 1960 to 100 in 1983. One reason: large families are a source of pride.

Prognosis. Relief workers say that ultimately a fundamental restructuring of the world's economy is necessary: the developed world must be prepared to pay fair and stable prices for Third World products to ensure an adequate flow of capital—even if it involves some degree of sacrifice. As well, more relief is needed, and provision will have to change, experts say. The United States, the world's single largest source of foreign aid, will hand out \$12.7 billion for each of

the next two fiscal years. Much of the money, though, is earmarked on the basis of political alliances. Israel will receive \$3 billion a year, Egypt \$1.5 billion. **THELWATER** Peter Taylor, U.S. State's senior adviser on child development, who works with street children around the world: "There are kids out there behind the numbers. We're part of the problem."

Still, governments are chipping away at problems that endanger the future of the world's young. Last November Brazilian President Jose Sarney announced a program to eradicate the country's worst poverty within four years.

Among the planned measures: food subsidies for the poor and extra food and medicine for needy pregnant mothers and for children up to age 4. Whether the campaign will adequately address the monumental problems remains in doubt. Vultures still circle over the small-parched streets of Fortaleza, where small children pick through mountains of trash, putting new and then to eat from an edible morsel. For them, and for millions of the Third World's children, relief—if and when it arrives—may come too late.



Rich control, care

—PETER SCHWARTZ with
BRADY GUY, LITTON, WADE BERN,
NAN and MARY ELIZABETH in Toronto, KEE,
BRUCE in New York, NANCY ANNE FRYER,
ALICE in Nairobi, RICHARD HODGE in Los Angeles,
LEWIS GREEN in New York and WILLIAM
LOWTHORP in Washington



Wellsquats with his father: aspirations, improved health care and education

Building a life on good luck

COVER

Tucked into a dusty corner of Xoco, a working-class Mexico City neighborhood, lies the tiny brick-and-concrete house where Oscar Gálvez Velázquez, 10, lives with his father and older brother. With his father schooling only an outdoor toilet and other health aids, Oscar lives meagerly by Canadian standards. But by Third World and rural Mexican standards he is lucky. For a start, Oscar survived statistically high rates of infant mortality and fatal childhood diseases that are all but unknown now in wealthier parts of the world. And even during his young life to date, the health risks—and the barriers to better living standards—though still formidable have diminished dramatically for Oscar and millions like him.

As a result, Oscar lives with hope that he can build a better future on his humble childhood. His neighborhood, once a village, was swallowed by Mexico City, where the population has shot up in 30 years from 11 million to more than 15 million—more than five million in sprawling slums. Oscar's neighborhood, however, retains some of its rural characteristics. On the narrow

alleyway, when his mother left the family a year ago to live with another man, she took household chores or plans if his father is away. And aunts, uncles and cousins provide care and companionship—a measure of the enduring strength of the Mexican family, which has kept the phenomenon of abandoned children at insignificant levels compared to Brazil or Colombia.

Kills. As well, Mexican health and nutritional standards have risen since the 1950s. The infant mortality rate has dropped from 180 deaths per thousand births in 1950 to 45 in 1983. In Oscar's neighborhood primary health care is readily available through a clinic. Access to more specialized care and surgery usually involves a long wait or serious financial sacrifice. But in some remote rural villages not even primary health care is available on a regular basis, and contaminated water supplies mean that diarrhea still kills one out of every 130 infants in their first year. Although the vaccination rate for measles and polio is now 85 per cent, it is a mere 30 per cent for diphtheria, tetanus and whooping cough. The United Nations Children's Fund (UNICEF) estimates that of the 2.6 million Mexican children born last year, about 200,000 will die before reaching their fifth birthday.

Life on the world's largest city involves other risks. On Jan. 18, when a massive one-day campaign succeeded in vaccinating millions of children against polio, a weather change forced up Mexico City's smog levels and caused a rash of respiratory illnesses. There also is an annual influenza rate of more than 60 per cent, and Oscar has already learned to complain. "If everything keeps going like this we will be sad too."

Awful. His optimism, however, is undiminished. Although he says that he admires his father, he has no desire to follow in his footsteps. Said Oscar: "I don't want to be a driver because it feels awful to be bused around by others." Instead, he says he wants to be an architect. Added Oscar: "I like building." There are lots of sticks and stones around here and 11 brick little houses with them. Only 15 per cent of Mexico's 15 million people can afford a university education even though tuition is free. Oscar's chances of becoming a builder of houses, and having a life, are slim—but no longer impossible.

—ERIC HAMMOWSKI in Mexico City

An emotional link between worlds

Three years ago the unrelenting ache of hunger was a painfully familiar fact of life for seven-year-old Gan Maya Mahajan. Born in the village of Naga Bhangrang near the Nepalese capital of Kathmandu to a carpenter who earned about \$20 a month, she was the eldest of three children—none of them informed against disease and ill drinking contaminated water and suffering from worms. Although her prospects for a better life were bleak, Gan Maya now has a better diet, drinks clean water and attends a newly built school provided with the help of her Vancouver sponsors, Dr. Neil Longridge and his wife, Mahtai, who send \$60 a month to the Foster Parents Plan of Canada for her care.

Few of the agencies that funnel aid into Third World countries appeal as potently to the donor's emotions as the child-sponsorship organizations. For the Longridges, as for the roughly 140,000 other Canadians who send money to children or families abroad, the flow of letters and photographs from a child is gratifying and confirms that their donations are reaching their target. But in the past three years, a number of foster parent plans have been changing. The reason: criticism from church groups and development experts that individualized aid can create tensions in Third World communities and divert funds into letter translation and other administrative costs.

Foster Rules? As a result, such agencies as Foster Parents Plan, World Vision Canada and the Canadian Save the Children Fund are now digging wells, opening health clinics and providing agricultural training as well as selecting a single child to receive privileges. Indeed, Save the Children is pushing out all child sponsorship in favor of community development projects by 2000. Said Gordon Ramsay, the agency's national director: "Focusing on the child makes it easier to form ties, but the only people who can save the children are the communities themselves."

Uproar. Among critics of the foster parenting programs are officials at the United Church of Canada. They charge that the selection process often arbitrarily singles out children for preferred treatment and frequently uproots them to live in hotels near better schools. Oscar says that gaining a child with a Western benefactor encourages dependence and unrealistic expectations. Under Save the Children's revised program, sponsors can now help support an entire community for \$200 a year instead of spending \$102 a year as a single child. But Foster Parents Plan still maintains a letter exchange program in the belief that moral support is as meaningful as monetary improvement. Said Paula McTernan, national director of Foster Parents: "The children are needed that someone cares about them."

But the rise of Foster Parents Plan—Canada's largest child sponsorship program, with 54,796 children in 82 countries—is proof that Canadians want that contact. Its number of new sponsors declined to 10,600 last year during the Ethiopian famine. Although the plan, which passes on \$2.25 cents of every dollar collected, channels most of its donations into community and family projects, its advertising highlights the personal link with a child. Said McTernan: "You have to have a hook."

'Bad Kids'. The second largest Canadian organization, World Vision Canada, with 44,238 children sponsored abroad, is one of the most controversial. Critics of the agency, part of Worldview, said-based World Vision International, suspect that it has adhered to U.S. government foreign policy ever since it joined a project with its headquarters who had CIA connections. Countered Donald Scott, group director of World Vision Canada's communications: "We have a pediatric hospital in Communist Kampuchea that is not U.S. policy."

According to Murray Dryden, founder of the Anglican, Ont.-based Sleeping Children Around the World, every effort counts. Sleeping Children Around the World, "bed-lots" for children and families donors with a photograph of "their" child sleep on a new mattress and bedding. Nine thousand bedkins reached children in 1980. Said Dryden: "If we can give a comfortable place to sleep, it conserves a child for the next day's challenge." Foster children like Gan Maya may now recognize they are not facing the challenge alone.

—ANN WALDMAN with SHARON GOVIL
DUTCHES in Toronto



The Longridges with natural son, gimmicky but gratifying



Don Maya: new chance



Reagan, wife, Nancy, and O'Neill: facing the toughest congressional session after five years in the White House

Challenging Reagan

The picture that Ronald Reagan presented to the world as he emerged from Bethesda Naval Hospital was one of paucity confidence. Wearing a wheelchair after the surgery that removed three polyps from his large intestine only six months after the discovery of cancer of the colon, the grieving President flailed a "thumbs-up" sign as he boarded a helicopter to recuperate at his weekend retreat in Camp David, Md. But women close to Reagan have confided to friends that—despite tears which revealed that the polyps and a patch of facial skin were not malignant—the President was in fact more exhausted and depressed about his recurring health problems than the public image indicated. This week, in the President's annual televised state of the union address to Congress, the upbeat tone of the usually short, streamlined speech that Reagan prepared could turn out to be equally deceptive.

As Congress reconvened last week

Capitol Hill lawmakers said that Reagan faces the toughest and most turbulent session of his five years in office. In fact, the President will have to attempt to win support for a series of controversial measures in a year when November's midterm elections threaten to end the Republican control of the Senate. Complicating that confrontation is a revolutionary new budget-balancing law commonly known as the Gramm-Rudman Act, after Senate Republican sponsor Phil Gramm of Texas and Warren Rudman of New Hampshire. It was signed by Reagan in December but is now being challenged by his justice department as unconstitutional.

Under its provisions—as drastic that once Boston students uncorked it: "Goshen Hambo"—if Congress does not cut the annual federal budget deficit of more than \$800 billion to comply with a series of declining ceilings over the next five years, legal machinery will automatically take over to slash spending across the board. That will force reductions in social assistance

and military programs alike. The Republican chairman of the Senate budget committee, Pete Domenici of New Mexico, last week declared that such a crisis could occur as early as next fall. He warned that it could lead to chaos in financial markets, a recession and "a national, and even international, tragedy."

To avoid that, Reagan faces a daunting challenge: how to reduce the deficit enough to satisfy the law without sacrificing such his military buildup or breaking his vow not to raise taxes. Last week, as he appeared to rebuff his Republicans for compromise, many Democrats predicted a bitter struggle that threatens to sidetrack the remaining three years of Reagan's second term. Said House Speaker Thomas (Tip) O'Neill: "The time for taking the hard knolls has come for Mr. Reagan."

In fact, the President's physical and political vulnerabilities combined with the approach of his 55th birthday on Feb. 4, but at a time when his personal rating has never registered higher in

the opinion polls. Still, ever since his landslide re-election in November, 1984, he has been unable to translate that popularity into the legislative strength with Congress that clouded following Reagan's slide during his first term. The "fresh start" that Reagan promised in his second inaugural address a year ago quickly disappeared into deadlock.

After asking for a six-per-cent increase in defense spending, he was forced to settle for no increase at all. As the White House went through a series of staff changes and tried to adapt to the controversial corporate management techniques of chief of staff Donald Regan, Congress seized the foreign policy initiative. It forced Reagan into hamstringing compromises over his demand for \$14 billion in aid to rebels fighting the Nicaraguan government and over his earlier opposition to sanctions against South Africa.

Some analysts say that it is, in fact, a series of crises that have maintained Reagan's public support. Said one White House aide: "You know what the swing grass has been?" The answer, the TWA hostage crisis and officer. Indeed, buoyed by a streamer show of public affection after cancer surgery in July to remove two feet of his colon, and following the negotiated release of American hostages from the TWA airline hijacking in June and the capture of the Achille Lauro cruise liner terrorists in October, Reagan's approval from the first U.S.-Soviet summit of his presidency in November as a wisest at home. His friendly chats with Soviet leader Mikhail Gorbachev in Geneva (tipped widespread perceptions of Reagan's indecisive hawk who might lead America into a nuclear war. Indeed, Republican pundit Richard Worthen reported that Reagan now has higher opinion ratings for his handling of foreign affairs than for other aspects of his administration. That the wife of confidence at home has had little direct influence on foreign affairs. Reagan failed to win allied support for sanctions against Libya—a nation he claims supported terrorists responsible for the Christmas Eve airport attacks in Rome.

In fact, the very success of the summit may prove to be an obstacle at the follow-up meeting later this year. Public pressure will then be on Reagan to move toward an arms control agreement. Said retiring Republican Senator Paul Laxalt: "The get-acquainted stage is over. People are going to start looking for concrete results."

Earlier this month Gorbachev again attempted to seize the public relations initiative by offering a proposal "of historic significance" to eliminate all nuclear arms by the end of the century. U.S. arms experts examined the Soviet leader's proposed freeze of British and French nuclear arsenals in exchange for the elimination of Soviet and U.S. medium-range missiles from Europe. Still Helmut Sonnenfeldt, a foreign policy adviser to the Nixon ad-

ministration, contended that Reagan had succeeded in defusing the Soviet attempt at a public relations coup. "The Soviets might have gotten a lot more mileage out of it if the administration had said it was just the same old crap," said Sonnenfeldt. "Instead, the President said, 'Thanks a lot, we'll have to look at it.'"

Some Republicans are pressing Reagan to schedule the next summit not in June—as he proposed to Gorbachev in the parking lot of Gorbachev's International Press Centre—but in September, as a way of improving the campaign of 22 Republican Senators fighting to retain their seats in the caucus two months later. Indeed, last week the President tried to use the summit to persuade many of them to support the hard demands he will

make in a separate detailed message following his state of the union address. Most explosive of all is a request for \$100 million in military aid and other aid for the Soviet Union, and Maryland Democrat Michael Barnes ("This would be a particularly bad time for the United States to increase the level of conflict in Central America.")

In the budget for the 1987 fiscal year that he will present to Congress in early February, Reagan will call for a three-per-cent increase in military spending. But he proposes to make the \$80 billion in spending cuts needed to conform to the Gramm-Rudman Act through a series of cuts in programs that would either waste money by eliminating support payments to the

poor or scrap government services and assets that Congress has previously refused to let go. Speaker O'Neill last week denounced the budget as "nationalist, cruel."

Many congressmen of all parties predict another stalemate this year as they become increasingly aware of the devastation the Gramm-Rudman Act could cause. Indeed, during a Senate budget committee hearing officials predicted that it could lead to a 25-per-cent cutback in domestic programs and an 18-per-cent reduction for the Pentagon. Senate Democrat Frank Lautenberg of New Jersey declared that it could have a "termed" impact on the ability of the government to carry out its functions.

For his part, Reagan has consistently opposed the alternative that a growing chorus of Republicans is calling for—a tax increase. But other indirect "revenue enhancers" are under consideration. Included is a national sales tax and an oil import tax.

In last week's tense atmosphere on Capitol Hill, all sides were calling for a compromise. Indeed, even Reagan's fiercest critics point out that his ability to forge a compromise has been the secret of his survival in office. On his Oval Office desk Reagan long kept a reminder that testifies both to that ability and to his personal optimism. In crude red letters, the cream-colored plaque read, "Babe Ruth struck out 1,336 times."

—MARC DONALDSON in Washington



Sorely tried Gramm and Rudman's daunting challenge to reduce the deficit

Thatcher under fire

I was one of the most controversial developments in Lord Brittain's career. As home secretary in Britain's Conservative government last year, responsible for police and security, he came under attack for a 24-hour strike at the British Broadcasting Corp held to protest alleged government interference in programming. Then he faced more criticism two weeks later when *The Observer* revealed that Britain's domestic spy agency, SIS, had for 40 years screened many 800 employees

for government's secret crises—the steps at the Lytton Embassy in London and the explosion of an Irish Republican Army bomb at a hotel in Brighton where Thatcher was staying.

Brittain's intelligence is unquestioned, but his political judgment has often been in doubt. That was particularly evident during the current controversy. At the centre of the dispute in Westland, Britain's only helicopter manufacturer. For months Thatcher and her ministers have been locked in a debate over the financial future of Westland,



Brittain and (right) Thatcher: the minister's loyalty was so unswerving that one critic called him a 'demented poodle'

But last week Brittain fell victim to a far more serious controversy: the disclosure by Prime Minister Margaret Thatcher herself that he had authorized a disclosure designed to embarrass a cabinet colleague. With his credibility seriously damaged, Brittain reluctantly tendered his resignation—the second senior minister to resign from his cabinet in three weeks.

Brittain's resignation. His replacement is Paul Channon, 50, trade minister since 1983 and Brittain's deputy could have major repercussions for Thatcher's weakened government. Throughout his 15-year political career, the 46-year-old former lawyer has been one of Thatcher's most trusted advisers. Indeed, his loyalty to the prime minister was so unswerving that one critic called him a "demented poodle". In return for his support, Thatcher placed Brittain at the centre of the political stage, making him cabinet minister in 1981. Three years later he contemplated operations during two of

which last year \$200 million last year and it now the object of competing rescue bids launched by U.S.-led and European consortiums. The "Westland Affair," as it is widely known, began last fall when the U.S. defence contractor United Technologies Corp.—parent company of Sikorsky Aircraft, the world's largest manufacturer of helicopters—made a bid along with Italy's Fiat for the financially troubled Westland.

But it soon became the focus for a larger question: the very nature of the nation's economic alliances. Leaders say that Thatcher and Brittain favored a free-market approach to the Westland problem. But other ministers, led by then-defence secretary Michael Heseltine, had campaigned in support of an all-European offer. They contended that the U.S. rescue bid would leave the Americans with enhanced control of the Western world's weapon market. Heseltine accused Thatcher of secretly pro-

moting the American bid. And three months ago he resigned from the cabinet to protest the handling of the affair, declaring, "There is no place for me, with honesty, in such a cabinet."

Ever since that happened, Brittain's critics have suspected him of helping to force Heseltine to resign. They accused him of trying to discredit Heseltine by secretly releasing to the media a confidential letter to the defence secretary from Solicitor General Patrick Mayhew. In it, Mayhew criticized Heseltine for alleged interference in his public statements about Westland.

Brittain refused to comment on the issue. But last week Thatcher was forced to acknowledge to a hushed Commons that Brittain had indeed authorized the disclosure. She also ac-



knowledgeed that her own staff had approved of Brittain's actions, although she added that she had not been consulted on the matter. Added the prime minister: "I agree that it should have been done by a more correct method." Labour Leader Neil Kinnock, however, dismissed Thatcher's explanation as "completely inapplicable." He declared, "This is the action of a government that's rotten from the core."

Privately, many backbench Tories also said it was unlikely that Brittain would have taken such an important political decision without the prime minister's direct consent. At the same time, Thatcher's apparent inability to stop the political fighting within Tory ranks has cast doubt on the strength of her control over the party. For the first time since she took over as party leader 11 years ago, now some of her allies are asking whether the Iron Lady has lost her political touch.

—ROSS LARSEN in London

A nation's troubled anniversary



Left: a civil peace accord threatened by intercommunal suspicion and strife

As India prepared last week for celebrations on Sunday marking 30 years as a republic, the competing internal forces that have divided the country for much of its life as an independent nation dominated the scene. Violence flared over the implementation of delicate compromises in the peace accord reached last July by Prime Minister Rajiv Gandhi and leaders of the moderate Sikh Akali Dal party. In the northern state of Haryana, police battled Hindus protesting against the July accord. At least 1,000 Haryana politicians and more than 350 Sikh extremists in neighboring Punjab state were placed in preventive detention. Tensions heightened when a New Delhi judge found three Sikhs guilty of the 1984 assassination of Prime Minister Indira Gandhi—then sentenced all three men to death by hanging.

The severe conclusion of the 267-day trial angered many members of the Sikh community even as Hindu protests erupted against political and territorial concessions in Punjab. Sikh Judge Mahesh Chaudhri pronounced his verdict from behind a bulletproof glass screen in a heavily guarded temporary courtroom inside New Delhi's Tihar Jail. Court Sergeant Singh, 33, one of two personal guards seated at shooting Gandhi on Oct. 31, 1984, as she was walking in her prison—

the other bodyguard was killed at the scene by loyalist guards—was escorted of murder. Sikh Inspector Balbir Singh, 44, also a security guard, and Kishor Singh, 56, a clerk, were convicted of conspiracy. Passing sentences, the judge declared, "It was of the opinion that this offence is of the rarest of rare nature in which the extreme penalty of death is called for."

Defense lawyer Pran Nath Lekhi, who had pleaded the right to appointing Rajiv Gandhi in a "trial by jury" to kill his mother, stirred up the court. Said his agent Sarwan Singh, who leaped onto the defendant's bench to address reporters: "My fate was sealed even before the trial began." Defense lawyers said they would appeal.

Sikh spokesmen reacted bitterly. Said Bhaich Singh, secretary of a Sikh temple committee: "We feel only Sarwan Singh should have been sentenced to death. The community is very much disturbed and depressed by the judgment for the two others." The verdict, and the violence in Haryana, eased fears that growing militancy could threaten the July accord. Disputes focused on the accord's first provision, a territorial realignment between Sikh-dominated Punjab and predominantly-Hindu Haryana scheduled to take effect on Republic Day. Haryana's Hoshiar protested the planned

transfer of Chandigarh, now the joint capital of both states, to Punjab. As well, jurisdiction over 84 villages was in dispute between Haryana and Punjab officials.

In the troubled northern area, more than 700 paramilitary police reinforced security, sweeping roads, traffic and conducting searches at state border points. At the Haryana village of Panchkula, Haryana police opened fire on a stone-throwing crowd, and at least two people died. In New Delhi, police armed with rifles patrolled the city to forestall Sikh extremist attacks that officials said had been threatened to coincide with planned Republic Day ceremonies. At the same time in the Indian capital, High Court Judge R.N. Kherpal responded to an inquiry into last June's crash of an Air-India jetliner that, at the time, was linked to a militant Sikh campaign to establish an independent state.

After the Boeing 747 crashed on June 23 in the North Atlantic off Ireland during a flight bound for India from Canada, killing all 329 people aboard, Indian government officials spoke publicly of possible sabotage, and at least two anonymous calls to the news media and militant Sikhs had planted a bomb on the plane. At last week's judicial hearings, which resumed after a two-month recess, investigators from Canada, India and Britain cited evidence of a mid-air explosion in the plane's forward cargo hold. But Indian scientists said that no traces of any explosive device had been found in wreckage examined.

At week's end, an militant Sikh leader Sureh Singh Khusha said Sikhs should rally to save the three "banned" sentenced to death and Hindu protests against the July peace accord grew more violent. Most observers said it was unlikely that the agreement will have the desired effects. For Rajiv Gandhi and moderate Sikh leaders, the consequences of failure are high for India as a whole, they may be even higher.

—ANN FINKELSON in Toronto with correspondence reports



Marcos at rally: charges of getting irregularities and hidden wealth

PHILIPPINES

A charge of deceit

The damning evidence was almost 40 years old and it came from halfway across the world. But the report in *The New York Times* last week became a critical issue in the Philippine presidential election. As President Ferdinand Marcos and his challenger, Corason Aquino, campaigned for the Feb. 7 election, the *Times* reported that, according to U.S. archival records, Marcos' much-publicized Second World War heroics are a fraud. The report challenged Marcos' self-professed role as leader of a guerrilla unit fighting the occupation army of Japan in the 1940s—a promotional cornerstone of his 30-year political career. At the same time, a U.S. congressional inquiry raised suspicions that Marcos and his wife, Imelda, may have diverted hundreds of millions of dollars into personal U.S. investments. And another report in Washington cited evidence that the election itself may turn out to be fraudulent.

The documents cited by the *Times*, dating from the 1940s and held now in the U.S. National Archives, depict the president's claims of wartime heroism. Former U.S. army investigators examined Marcos' claims that he led a guerrilla unit against the Japanese between 1942 and 1944. But they could not find any confirma-

tion of his alleged activity, which he used to file a claim for U.S. army back pay and veteran's benefits. U.S. army Capt. Elbert Curtis concluded at the time that "no such guerrilla unit ever existed." In the documents themselves, Marcos declared that the army's conditions were a "grave injustice." Last week in Manila the 63-year-old president—his nation's most-decorated war hero—responded, "I consider it a compliment that they [the opposition and the Western press—find all my exploits, which I consider an ordinary part of my war experience, unusual, extraordinary and therefore unbelievable."

As well, the Senate Foreign Relations Committee reported evidence of irregularities in plans for the Philippine election. Among the concerns cited by the committee is a possibility that extra ballots have been printed for stuffing ballot boxes, a suggestion that votes may be altered because indelible ink will not be used to mark choices, and the cancellation of plans for computerized vote counting. The Reagan

administration had just announced that an official U.S. team would be sent to observe the election. But the Marcos government said earlier that foreign observers and members of the foreign press would not be allowed within 50 m. of polling stations on election day. Said Senator Alan Cranston of California: "The Philippine elections look more and more like those they have in the Kremlin."

Senior U.S. officials say that they expect Marcos to win the election, fairly or otherwise, despite the scandal. But if he is sent to leave soon (readily, the Reagan administration will have a difficult time convincing Congress to vote here and to help Marcos combat Communist insurgents). There was also pressure from an organization of Filipino lawyers, who asked the Marcos-controlled commission on elections to send voters' lists to 34 towns and 10 provinces where the number of registered voters exceeded the projected voting population.

For her part, Aquino, the 53-year-old wife of a slain anti-imperialist opposition leader Benigno Aquino, called for a fair election. Said Aquino: "Mr. Marcos is determined to remain permanent dictator come hell or high water. I believe in a peaceful process." She added: "I hate to think what an angry people can do if you frustrate their will." Aquino also attacked the president's wartime claims of heroism during the war. She declared that instead of being a hero, Marcos "was among those who sold gold to the Japanese. It now appears he was even a collaborator."

At the same time in Washington, Barry Kris, a New York lawyer, testified before a House subcommittee that he had conferred repeatedly with Imelda Marcos about New York property investments worth an estimated \$520 million (U.S.). The subcommittee is investigating allegations that the Marcos family has secretly funneled money that was acquired through corrupt operations in Manila the first lady declared: "All those things—hidden wealth, extortion, oppression—these are all lies." At week's end, the election campaign seemed increasingly like a three-way contest among Marcos, Aquino—and

Washington

—MARCUS GEE in Manila with
—ALAN CRANSTON in Washington and
—RALPH QUINN in Toronto



Aquino: challenging



Good taste is why you buy it.

Ballantine's



Overturned truck in Algeria: seeking riches amid Africa's deprivation

FRANCE

The end of a tragic race

Thierry Sabine, the flamboyant Frenchman who seven years ago founded the grueling annual rally from Paris to Dakar, capital of the West African nation of Senegal, had made a solemn undertaking: This year, he said, the 1,900 km event would be "more beautiful, longer and tougher" than ever. But by the time the leaders arrived in Dakar last week, the toll taken by the dangerous competition had led to a furious controversy. Political entities castigated the race for creating the spectacle of a "great unknown terrain," the drought-plagued sub-Saharan region. Further doubt was cast over the future of the event when Sabine died after his helicopter crashed near the town of Timbuktu in Mali, killing all five people aboard.

The more than 1,500 entrants who set out on Jan. 1 in cars, trucks and motorcycles faced twisting roads, bewildering expanses of desert and jungle trails on the 32-day journey through France, by ferry over the Mediterranean, across the Sahara Desert and into sub-Saharan Africa. But when the rally reached the halfway mark in Niger, one-third of the entrants had dropped out because of exhaustion, injury or mechanical breakdowns. Twenty-one injured rallyists, at least two of whom were in serious, were flown back to France as emergency flights.

The first fatality occurred in southern France, when Japanese motorcycle-chief Yuzuo Kameda was struck and

killed by a drunk driver. Sabine, 36, who devoted the race as a way of instilling drivers to their limits and was nicknamed the "magician of the sands" by the French media, died when his helicopter crashed into the desert at night. Also killed in the crash were the pilot, the radio operator, a newspaper reporter and Daniel Ballevenne, a 53-year-old French rock star.

From the start, the rally was under heavy criticism. As the rally vehicles served their engines at the starting line in front of the Versailles palace outside Paris, police dispersed protesters driven from almost 150 Third World aid groups. One of the protesters, agent René Demont, compared the spectacle of Europeans seeking thrills amid Africa's deprivation to "a group of rich people throwing a feast for themselves in the home of a poor peasant."

Even before this year's winners—René Metge and Dominique Lemaire in a Porsche car and Cyril Neveu on a Honda motorcycle, all from France—crossed the finish line in Dakar, the Paris journal *Figaro* predicted, "Paris-Dakar, c'est fini." For his part, French Sports Minister Alain Calmeté declared that this year's rally "took too many risks—it cannot continue this way." The minister clearly implied that the event will have to be made safer—or it may not be held at all.

—LENSA PARKER in Paris

PORTUGAL

A showdown at the polls

Since a group of young army officers mounted a coup in April, 1974, and ended 46 years of dictatorship in Portugal, no fewer than 16 governments have held office in the anti-coup nation. Over the past decade a steady influence has been provided by former army chief of staff Gen. Antonio Ramalho Eanes, who served as a popular president of the republic for two five-year terms. But the constitution now requires him to step down. And this week the Portuguese cast ballots in the first of what is expected to be a two-stage vote for a new president. Christian Democrat candidate Egaço Freitas do Amaral, head opponent from Portugal's powerful left. The leftist forces were united by a concern that, as president, Freitas do Amaral could lead Portugal's young democracy back toward authoritarian rule.

As the sole representative of the right, Freitas do Amaral—a law professor and former defense minister—was expected to carve the Jan. 30 vote easily, but without the minimum 50 per cent of the ballots required for a first-round victory. Without a clear victor, electoral law provides for a runoff election on Feb. 16 to decide between do Amaral and his leading rival from the left. The most likely leftist leader is former Socialist Party prime minister Mário Soares, who led three governments between 1976 and last October and took his nation—western Europe's poorest—toward entry into the European Community on Jan. 1.

In his campaign for the first-round balloting, Soares argued that his experience in office made him a "natural president" who could end Portugal's recurring political crises. But he was bitterly opposed by Francisco Sálgado Beza, a former Socialist Party member who broke with the moderate Soares in 1980 and now leads a Communist-backed radical socialist faction. The South first-round candidate was Maria de Lourdes Pintasilgo, who briefly led an interim government in 1979. Although she campaigned as an independent, de Lourdes Pintasilgo took left-wing positions on social and economic issues. Despite their bitter ideological rivalry, Soares and Sálgado Beza were united in their suspicion of Freitas do Amaral, who, Soares said, has the support of "the undercurrent as well as the democratic right." □

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NORTHERN IRELAND

A protest that failed

Determined to upset the Hillsborough Accord, an Anglo-Irish agreement in November that gave the Irish Republic a fixed voice in the affairs of British-ruled Northern Ireland, 35 Ulster Protestant politicians resigned as members of the British Parliament in protest. Then, when by-elections were called to fill the seats, Protestant leaders tried to send a warning to Britain with a massive vote to re-elect the MPs. They also wanted to make it clear that Ulster's Protestant majority would not accept any attempt to give the Roman Catholic minority a larger share in governing Ulster. But when voters went to the polls last week, the results were disappointing for hard-line Protestants. Not only did their Unionist party vote fall short of what they had hoped for, but moderate Catholic candidates managed to win one seat and gain support in three others.

The unexpected Protestant defeat took glaze to the predominantly Roman Catholic riding of Newry and Armagh, where Catholics—whose vote has usually been split in the past—deserted Sean Feen, the political wing of the Irish Republican Army. That exiled Seamus Mallon, deputy leader of the moderate Catholic Social Democratic and Labour Party (SDLP), to defeat the Unionist candidate. In the other ridings the Unionist candidates—including Protestant firebrand Rev. Ian Paisley—were re-elected. But in the riding of South Down outside Belfast, veteran Unionist Kenneth Poole won with only a 1,800-vote margin over the SDLP candidate.

A major factor in the Unionists' disappointing showing may have been their voter turnout fall short of the half million that Protestant organizers wanted. But government officials in London and Belfast said that they were encouraged by the growth in the Protestant Catholic vote. For their part, Protestant leaders said they may register displeasure in the future by not operating with the authorities.

Moderate Catholic leaders, noting the resurgence of Protestant terrorism since the Hillsborough agreement was signed, said that events may become far more violent in the coming years, said former SDLP leader Lord Gerald Pitt, "are waiting in the wings."

—DAN SHERMAN in Belfast



Overviews Police Minister Jonathan, a man does attitude toward South Africa

LESOTHO

Yielding to a squeeze

Surrounded on all sides by South Africa, the tiny kingdom of Lesotho prudently adopted a non-partisan attitude toward its white-ruled neighbor after gaining independence from Britain in 1966. But in recent years Lesotho's prime minister, Lesia Jonathan, became increasingly critical of South Africa and gave refuge to black South African dissidents. Then, on Jan. 3, South Africa virtually blockaded Lesotho by holding up vital railway shipments across their common border. That pressure provoked Jonathan's domestic opponents. Early last week Maj. Gen. Maseko, commander of Lesotho's 1,800-member paramilitary force, seized power in a bloodless coup that signaled a more drastic attitude on Lesotho's part toward its powerful neighbor.

Moving swiftly to find a solution to the South African blockade, Lesotho sent a high-level delegation to Cape Town for talks. For their part, South African officials reduced the blockade and allowed trucks carrying food and fuel to enter Lesotho. After signaling power Lesotho called for unity among Lesotho's 1.5 million people and said that King Moshoeshoe II, 47, whose Jonathan had stripped of all but ceremonial duties, would exercise executive and legislative powers on the advice of a military council.

The 31-year-old Jonathan—who was apparently exiled to his home north of Lesotho's capital of Maseru—seems doubtful to be both domestic and ex-

ternal factors. Earlier this month fighting between rival factions in the paramilitary force broke out after soldiers evidently attempted to disarm members of a militant youth league which his opponents claimed was used by Jonathan to crush political opposition. At the same time, his overtures to the Communist bloc—in 1982 he allowed the Soviet Union, China and North Korea to establish embassies in Lesotho—and his harboring of South African dissidents infuriated Pretoria. Three years ago South African troops killed 42 people in Maseru during an attack on suspected members of the African National Congress (ANC).

In the end, South Africa's border blockade and the possibility of more severe countermeasures probably led to the coup. Lesotho's economy is almost entirely dependent on South Africa and the income sent home by the 140,000 Lesothians employed in that country's gold mines. Indeed, reportedly fearing the loss of those jobs, Lesothians last week expelled 61 South African refugees—identified by Pretoria as ANC supporters—to Swaziland. Some political observers noted that, by employing economic sanctions for the first time to help oust an African government, Pretoria had sent a clear signal to its other black-ruled neighbors—including Zanzibar, Swaziland and Botswana—of the risks involved in harboring ANC rebels.

—MARK NEEDHAM in Pretoria

FRANCE

Rallying on the right



Le Pen goes home

Many Frenchmen call it "la fin du régime." After five years of Socialist government under President François Mitterrand, an alliance of France's two most important right-wing parties—the Rassemblement pour la République (RPR) and the Union pour la Démocratie Française (UDF)—is growing more confident of victory in legislative elections on March 16. If the rightists win a majority in the national assembly,

Mitterrand will face the unpleasant prospect of "cohabitation" with a conservative prime minister until midterm elections in 1988. A poll last week in France's weekly *Le Pen* magazine showed 47-per-cent support for the extreme alliance and 30 per cent for the Socialists. Still, although he was trailing with only five per cent, far-right National Front leader Jean-Marie Le Pen was confident of a major swing toward conservatism. Last week he called for the reinstatement of the death penalty, arguing that the guillotine, which was last used in France by an execution in 1977, would have a "spectacular effect" on criminals. Added *Le Pen*: "I think beheading should continue."

CHINA

Kicking off in China

Even before Sunday's meeting of the Chicago Bears and the New England Patriots in the New Orleans Superdome for Super Bowl XX, audience projection experts estimated that as many as 16 million North Americans would watch the game on television. But later this month an estimated 300 million new fans will tune in a replay of the annual contest when American football makes its debut on Chinese television. A marketing firm in Chicago, WTL International Corp., plans to broadcast the game—grunts, tackles, cheerleaders, halftime show and all—during the Chinese New Year celebration. U.S. companies hoping to expand into China will appear the telecast in exchange for discreet promotions during the game. But Chinese fans—who call the game "olive ball" because of the shape of a football—will be spared the brawny commentary and play-by-play analysis heard on North American television. Instead, translators will deliver a normal-free tape of the game in Chinese, inserting their own comments and emphasizing the importance of the contest in the American way of life. Said WTL president Lynne Hughes: "The Chinese are hungry for any information they can get about the United States."

BRITAIN

Seeing red in Greenham

According to the British magazine *Jane's Defence Weekly*, since 1985 as many as six agents of the Soviet KGB's intelligence unit have been posing as protesters at a women's peace camp outside Greenham Common air base, the British site of 96 U.S. cruise missiles. Citing unidentified Soviet defectors as its source, *Jane's* said that the purpose of the

infiltration is to "write posters and monitor security arrangements and images of cruise missile convoys leaving Greenham." The magazine also speculated that the agents—allegedly trained at a mock-up of the British base in the Soviet Union—could guide attacking Soviet bombers and missiles with radio homing devices. The report was quickly denounced by the Soviet Embassy in London, and it drew skeptical responses from peace campers. One protester expressed doubt that even agents from the wily Soviet Union could have been adequately trained for the rigors of winter camping and intrusive base guards in the Berkshire countryside. "I would bet them in rain and wind tunnels," she said. "I would have them excited five times a day by extremely ugly men, spy on them with binoculars and wear their leotards."

SOUTH YEMEN

The battle for Aden

After 12 days of bitter fighting between opposing factions of South Yemen's ruling Socialist party, *Aden Radio* reported last week that the rebel faction had gained complete control of the capital. The party's central committee, the radio announced, had dismissed President Ali Nasir Muhammad al-Husami and named Prime Minister Abubakar al-Attas interim head of state. Although both factions in the war-torn South Yem, Houthanis had sought better relations with non-Marxist neighbors and backed away from support for guerrilla movements in Oman and North Yemen, both allies of the United States. The fighting—which has claimed more than 10,000 lives—broke out on Jan. 13 when Houthanis ousted four government officials. At week's end, a fleet of French, Soviet and British ships, including the royal yacht *Bellesima*, had evacuated almost 5,000 foreigners.

POLAND

Walesa on trial



Walesa on trial

Last fall Poland's outlawed Solidarity movement leader Lech Walesa urged voters to boycott the Oct. 18 parliamentary election because the 40-year-old Solidarity Party edicts. After the poll, Walesa publicly challenged the official count that 75.4 per cent of the nation's 26 million eligible voters cast ballots, saying that the turnout was only 68 per cent. Last week, more than three months later, the government announced that Walesa will be tried on charges of subverting state election officials. If convicted, the 1983 Nobel Peace winner, who called the charges "absurd," could face up to two years in prison or a heavy fine. Jerry Urban, a government spokesman, said that no date had been set for the trial because it had not been decided which court should handle the case. In Washington, state department spokesman Bernard Katz said a trial "can only evoke the outrage of the Polish population and of just-thinking people throughout the world." Lech Walesa's recent two activities announced last week that more than 25,000 Poles—among them Walesa and 70 prominent intellectuals—had signed a petition urging Communist authorities to stop political repression.

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New jobs for Quebec

When federal Industry Minister Stephen Staveas visited Montreal last month, he declared that Ottawa would allow Ultramar Canada Inc. to close the Gulf oil refinery in the city's east end, cutting the loss of 637 jobs. The announcement—Staveas an Ontario-based minister—was politically explosive and it forced the Conservatives to find ways of restoring their popularity. Last week Staveas returned to Montreal, flanked by two Quebec ministers, Treasury Board President Robert de Goozart and Finance Minister Robert Lupton. Staveas announced \$50 million in contributions for Crown-owned Canadian Ltd. The funds are to be used to help develop two remote reconnaissance systems for military use—and Staveas predicted the creation of 400 jobs and sales of more than \$1.5 billion over the next 10 years.

Canada has produced pilotless reconnaissance systems since 1952, and its original CL-28 model has earned \$80 million in sales. Under the memorandum of understanding announced last week, France, West Germany and Canada will proceed with the preproduction phase of Canada's CL-28 pilotless drone that will fly a preselected course, send information back to base. Ottawa will contribute \$26 million to develop the CL-28 under the Defense Industry Productivity Program (DIPP). Germany will add another \$40 million to the program, and France will develop the drone's advanced sensors.

Both the French and the West German governments are expected to purchase the drone to meet NATO's need for increased aerial reconnaissance—and Staveas predicted sales of \$60 million for 1995. He also announced a \$30.9-million unit contribution for the development of Cana-

dian's CL-28 Sentinel, a helicopter-like reconnaissance vehicle.

The federal announcement took place as Ottawa was weighing five or six bids by private investors to buy Canada's Sentinel. The bidders include a Canadian consortium headed by Fleet Aerospace Corp. of St. Catharines, Ont. Canadian had filed a profit of \$123 million during the first nine months of

Association of Canada. "When you realize that Canadians do not have the financial clout and expertise needed, it becomes apparent that a Canadian bid is unlikely."

The Conservative government has also been shaken by the controversy over last month's sale of Toronto-based de Havilland Aircraft of Canada Ltd. to Boeing Co. of Seattle. Although



CL-27 Sentinel being hoisted from launch pad making Canada "more attractive for any buyer"

1982—but only because the government wrote off a 1982 loss of \$1.4 billion. Canada's official Ray Poulton said that Ottawa's actions "certainly make it more attractive for any buyer." But an industry expert noted that Ottawa and Canada had decided to proceed with the CL-28 even though the project so far "has no market."

Even if Staveas does find a suitable purchaser, he will likely proceed with caution. The DIPP grants represent another large taxpayer investment in Canada, even though these contributions will eventually be repaid through royalties. Some industry experts add that only an international firm can operate Canadian profitably. Sand Kenneth Lewis, president of the Ottawa-based Aerospace Industries

the government has invested \$708 million in the company since 1982. Ottawa sold it for \$80 million in cash and \$60 million in deferred payments. That controversy dogged last week when Richard Albrecht, chairman of Boeing's Canadian subsidiary, said the company intends to adapt de Havilland's Dash 8 commuter plane for war-torn, perhaps as "a potential platform for an attackable aircraft." Ottawa war minister Michael Cassidy said that Boeing would turn de Havilland into a "tribunal of the Pentagon." With the possible sale of Canadian to another foreign buyer, Ottawa may face more of the same charges.

—MATT BARRAN with BRUCE WALLACE in Ottawa



Canadian oil refinery; Yamani (above) danger for high-cost oil exploration

A showdown in OPEC

When the Organization of Petroleum Exporting Countries (OPEC) decided last month to increase its oil output, the intent was one of stability, to defend its share of the world market while procuring Britain and other competitors in oil production—or face an oil-wait price war. Last week that battle intensified as prices plummeted in one day of panic trading, the cost of crude fell about \$4 (U.S.) a barrel and futures markets, breaking the \$30-a-barrel barrier for the first time in six years. And at week's end, British Petroleum North Sea oil, a benchmark grade, dropped as low as \$17.50 for February de-

livered oil. Indeed, until last year Saudi Arabia, the dominant OPEC power, both raised and lowered its oil production in an attempt to maintain a benchmark price of \$26 a barrel. But last December, after other OPEC nations began flooding production quotas and flooding an already glutted market, the cartel officially abandoned its price-fixing strategy. That month the Saudis increased their production to 4.5 million barrels per day, up from two million barrels last August, and the price of crude started to tumble. Last week Saudi oil minister Ahmed Zaki Yamani warned that unless non-OPEC producers co-operate with OPEC to limit the flood of oil, "there is no limit to the downward price spiral which may bring crude prices to \$15 a barrel, with adverse and dangerous consequences for the whole world economy."

In fact, last week's price drop—which was also influenced by unusually warm weather in North America—was a welcome development for such large oil importers as Brazil. But Saudi

Arabia's actions could damage its prized oil exports, which relies heavily on oil revenues. The price slipped three cents against the U.S. dollar in one day after oil prices dropped. And it could spell disaster for such debt-ridden Third World oil producers as Mexico and Nigeria.

In Canada it was unclear whether consumers would receive any benefits from OPEC's maneuvering. Energy Minister Patricia Carney said that drivers would have to wait "a few months" before the decreased prices trickled down to the gas pump—an announcement that took off a rose in the Conservative Liberal leader John Turner pointed out that, while in the past gas prices have fallen 28 per cent in Los Angeles and 37 per cent in Detroit, they have risen 30 per cent in his riding of Vancouver-Quilley. Asked Turner "in view of the fact that the Canadian government has raised taxes at the pump 58.1 per cent in those 22 months, why are the Americans benefiting from falling oil prices while Canadian motorists are taking it on the chin?" Carney was quick to reply "The Americans," she said, "were lucky enough not to have a Liberal administration which left this government with such a massive deficit that we need these taxes as revenue to pay it down."

Consumers aside, a prolonged decline in oil prices would hurt Canada. For one thing, it could dampen the fledgling economic recovery of oil-producing Alberta. Falling prices could also undermine exploration, causing delays in such high-cost projects as the planned expansion of the Syncrude oil sands development in northern Alberta and the Athabasca oil field off the east coast of Newfoundland. In addition, major Canadian banks, with billions of dollars not in loans to oil exporters such as Mexico and Venezuela, face uncertainty over how those countries will pay their debts if their oil revenues dry up.

Still, Ottawa's energy officials say they expect oil prices to level out and begin to increase by the end of the decade—short the time such nonproducers as Mexico are scheduled to go into arrears on their OPEC loans. And some tentative signs that they could be right: analysts said that the British government, stung by the falling prices, is considering arranging a meeting between its oil minister and his Saudi counterpart. But officially British continues to insist that it would not join the Saudis. And last week's end, it remained uncertain whether OPEC and non-OPEC producers would agree to a production quota system that would once again fix world oil prices.

—BOB LEVIN in Toronto with PAUL GIBBELL and ALISON HARRIS in Opec



BOB LEVIN

A lost dream of wealth

For years leading Saskatchewan politicians claimed that the province's vast deposits of potash would eventually equal the value of Alberta's oil reserves. And in 1969, when a trade delegation from China signed a contract to buy 650,000 tons of the pinkish chemical fertilizer annually for three years, the sale seemed to enhance the mineral's promise. Then,

wart Union—it was formed in 1936 by the NDP government of Allan Blakeney in an attempt to take advantage of soaring demand for potash caused by agricultural expansion—incubated 70 million new acres under cultivation in the United States in the 1930s—the government bought four of the province's 10 mines and a 30-per-cent interest in a fifth in 1959; the pot-



Checking equipment of a potash mine. now owned and political considerations

last year China—one of the industry's largest customers after the United States—cut its annual purchases to 250,000 tons from one million tons for reasons that industry officials still cannot explain. Two weeks ago potash producers received another setback when U.S. Secretary of Agriculture John Mack announced legislation changes that mean fewer acres of grain will be planted next, as a result, fertilized. Until now the United States has purchased two-thirds of Saskatchewan's output of potash, which is the major component of fertilizer. Those developments, coupled with a worldwide agricultural recession, have darkened the outlook for the entire Saskatchewan potash industry.

The financial pressures on Saskatchewan's seven potash producers and the 4,000 people they employ are reflected in the balance sheet of the Crown-owned Potash Corp. As the province's largest potash company—indeed, PCS is the biggest producer outside of the Sa-

katchewan earned record profits of \$167.5 million but by 1984 the situation had reversed. This year profits shrank to \$35.3 million, and during the first nine months of 1985 PCS lost \$21 million. The company is projecting losses in excess of \$45 million for all of 1985, and the industry's condition is not expected to improve this year. Said Paul Schoenbach, the minister responsible for PCS: "It's a work, it's grim out there."

The deteriorating conditions at PCS are a political liability for the Conservative government of Premier Grant Devine. With a provincial election expected this year, the government has ruled out a proposal by its own officials to close one of PCS's mines until market conditions improve. It has also refused laying off any more of the company's 1,800 employees. For his part, Schoenbach said that the difficulty of dealing with the sudden losses at PCS is one reason why government should not be involved in the potash industry. Said Schoenbach: "As a

private corporation, it may be much more difficult to react to the market than private companies because of the political considerations."

The problems seem likely to become even greater. In 1981, when demand for the mineral was at its peak, potash sold overseas for \$178 a ton and in the North American domestic market for \$190. Last week the offshore price stood at \$819 a ton and the domestic price had shrunk to \$57 a ton. The price drop reflected the weakening demand in the last half of 1985: total shipments fell to 3.2 million tons from 3.7 million tons. And during the same period sales to the crucial North American market slipped to 2.3 million tons, down from 2.5 million tons. Said Gene Jones, PCS's vice-president of sales: "It is the North American desire that concerns us more than anything else. If it continues, 1986 is going to be even worse."

The Canadian potash industry has responded to falling sales by cutting back production in 1985 by 14 per cent to 6.6 million tons. And Saskatchewan's private potash refineries have also laid off workers. About 300 permanent mining jobs have been lost in the past six months, 65 of them at the Central Canada Potash Mine at Coltonay, 80 km east of Saskatoon, which was shut for an indefinite period on Dec. 31 by Toronto-based Noranda Inc. Although the private mines do not release their results, they too are losing money. Said Kent Gibson, general manager of the Central Canada mine: "It is safe to say that PCS is a reflection of the total industry."

Three new mines that opened last year have only exacerbated the industry's problems. Planned five years ago when demand was strong, the mine in Jordan and the two in Roset, 15-18 km from Saint John—have added one million tons of potash to the 26 million tons produced annually worldwide. Said Kent Gibson, president of Saskatoon-based Cooper Ltd., the producer-owned society that markets Saskatchewan's potash overseas: "There is a serious oversupply problem worldwide and business is going to be tough for five years at a minimum."

That may be one reason why the Devine government has temporarily shelved a plan to offer shares in PCS to Saskatchewan residents. Schoenbach told Mackenzie that the plan may still go ahead when the industry is healthier. Clearly, it seems that the current government is still anxious to maximize its responsibility for realising the province's dream of potash wealth.

—BARRY SCHERER in Regina

The banks recharge

After five months of spectacular failures and near collapses, the banking crisis appeared to be easing across the nation last week. Winnipeg Justice Dennis Kennedy of the Manitoba Court of Queen's Bench ended a four-month legal battle when he appointed a liquidator to wind up the affairs of the defunct Northland Bank of Calgary in Toronto. David Lewis, chief executive officer of the Continental Bank of Canada, announced that a run of withdrawals had finally stopped after what he called a "nightmare" three-month crisis. And in Ottawa, Justice Wilfred Hays of the Supreme Court of Canada returned his inquiry into the collapse of the Northland and the Edmonton-based Canadian Commercial Bank (CCB), while some bankers declared that tough federal proposals to regulate banks are not needed. "The system isn't broke and it's not near dying," Robert Macdonald, president of the Canadian Banking Association, told the commission.

The Hays commission is midway through a period of witness interviews on what caused the collapse of the two western banks last year—and what should be done to prevent



Lewis: a nightmare three-month crisis

future failures. So far, the commission has concentrated on the CCB, which recovered a \$600-million bailout package last March—only to be declared insolvent in early September. But the appointment of the Northland's liquidator has cleared the way for Hays to examine that bank's demise in late September. The inquiry will also make recommendations on how to improve Canada's banking system.

But the heads of the country's largest banks say that the government should avoid full-scale intervention in the system. William McElduff, for one, chairman of the Bank of Montreal, told shareholders last week that the banking industry is stronger because of the dramatic collapses. "Regulatory supervision is not, and cannot ever be, a replacement for the discipline imposed by the market," he said.

Last fall Minister of State for Finance Barbara McDougall tabled draft legislation in the Commons to strengthen Ottawa's control of financial institutions in large part because of growing public concern over the bank's collapse. Under the proposal, the inspector general of banks and the superintendent of insurance would receive sweeping powers to order a financial institution to stop questionable lending or investment practices. The insurance superintendent would also

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receive the power to reject additional assurances as trust company valuations of real estate security backing a loan. That is a power already in the hands of the bank's regulator general—but so far he has rarely used it.

Riley will consider these and other tough regulatory suggestions as he weighs testimony by bankers, officials and politicians. Indeed, many witnesses said that although they had participated in the CCB rescue they had not known the extent of the bank's problems. Many have blamed each other for the failure. Noted banker George

Bitchman, who investigated the CCB for Ottawa last summer, said that \$4 billion of the bank's \$2.6-billion loan portfolio would never be recovered.

Former CCB director John DeHillmay told Riley last week that the bank's reputation suffered because Toronto financier Leonard Weinberg—who was arrested by Ontario Provincial Police last week on fraud charges in connection with a controversial 1982 trust company seizure by the Ontario government—was on the board of directors in 1982. As Bank of Canada Guy Gerald Reay testified last month

"There is a mystery about why the bank failed. The only mystery is why we did not know more about the condition of the bank last March."

Riley will also inquire into the Northland's failure following last week's 38-minute hearing to appoint a liquidator. President William Neopols, who had opposed liquidation, withdrew his opposition without explanation. All other parties, including some shareholders who once hoped to revive the bank, agreed that Toronto-based Toronto Bank Ltd. should wind up the Northland. James Morrison, head of the liquidation team, told *Money*'s that the task "will take years."

While the Northland, a small bank only eight years old, finally grew up its fight, Canada's seventh-largest bank, the Continental, was reporting reassuring signs of stability. Last Oct. 31, after nervous customers had pulled \$1.2 billion in deposits out of the bank, then-president Lewis announced a \$3-billion rescue package: a three-month, \$1.6-billion line of credit with the big six chartered banks and a six-month, \$2.4-billion term loan with the Bank of Canada. Last week Lewis said that the Continental had renewed the line of credit and extended the loan to July 31. Although the bank lost another \$1.2 billion in deposits in November and December, Lewis said that there had been "a slight but not significant improvement in January." But, he added, "the outflow has stopped."

Despite signs of renewed confidence in the banking system, representatives will likely be left for some time. McDougall, responsible for overseeing the banks, is relatively unexcited because inquiry testimony indicated that he said opposed the initial CCB rescue. But Finance Minister Michael Wilson will be under pressure because Ottawa paid \$975 million to cover uninsured depositors—and that cost will show up in the deficit. Public scrutiny may also have hurt the standing of the inspector general of banks, William Kennett. The Eaton inquiry must determine whether Kennett was misled by the banks, whether he lacked the tools to determine a bank's solvency or whether he was not vigilant enough.

Meanwhile, the major bankers and Ottawa are continuing to negotiate how much new regulation is required. Last week MacDonald conceded that Kennett's office needs more manpower. "But the banks are of the view that the current system is effective," he added. Riley—and taxpayers who will ultimately pay the bill—may challenge that confident assertion.

—MARTY JANDANOVICH AND MICHAEL BAUTIER
in Toronto, AL DELO MARCO IN OTTAWA AND
CAREY MOSE IN WINNIPEG

BUSINESS WATCH

Bay Street's Yankee marshal

By Peter C. Newman

The wide-stance hall on the ample credenza in the office of Merrill Lynch, the chairman of Merrill Lynch Canada Inc., is carved out of British Columbia pine.

Only the occasional visitor who takes the time and trouble to examine the animal's features will discover that the green beetle is chattering. The sculpture may or may not be related to the haughty "raging bull" that for years represented the company's U.S. parent as tolerance, but his symbolic impact has been much the same.

Almost every other day the lot of this American investment giant's Canadian customers gets longer and the influence it wields within the business community grows more significant. Within the past season alone Merrill Lynch has emerged as one of the two firms advising the Richardson brothers on the Gulf Canada Ltd. saga, and has acted as an adviser to the Mulroney government on the privatization of the de Havilland Aircraft of Canada Ltd., and was guided by George Mann of Unicom Canada Corp. to handle the tricky resale of Calgary's Borne Foods Ltd. At the same time, Merrill Lynch announced it would spearhead a public issue to finance Borealis's controversial dam and stream, and is privately handling the privatization of Lawson Mardon Group Ltd., the Mississauga printing company, in what was probably the largest leveraged buy-out ever completed outside the United States.

There are other initiatives have raised eyebrows along Bay Street that Sanderson intends to drive his company to the very top of the heap. "I don't want to be number 1," the Merrill Lynch chairman told me with a straight face recently. Were adding, "I'd be happy to be number 2. I really have no interest in being the biggest firm in Canada and I don't think a foreign-owned investment dealer should be. But I certainly would like to be the best—in terms of profitability, employee morale and people."

Sanderson, who arrived in Toronto from New York only 26 months ago, has already moved his firm from a lone position to an \$11-million profit in 1986 and hopes to more than double his profits earnings in equity this year.

A lucky New Englander who spent two years on a scholarship at Oxford

reading philosophy, politics and economics, Sanderson has catapulted himself into the Canadian establishment with almost instant haste. This year he will chair the Toronto United Way campaign and is already serving as a director of both the Canadian Opera Company and the Toronto Symphony. While he belongs to all the right clubs and knows all the right people, his buildup of the company by attracting bright new recruits has not been based



Sanderson: heavily doubling profits

on social connections. Merrill has attracted some of the investment community's brightest brains by the simple strategy, according to the Bay Street rumor mill, of doubling their salaries. Ian DeHany, the former head of syndication at McLeod Young, Wirt Ltd., is now Merrill Lynch's president, while DeHany Scott, the worldly-wise former executive vice-president of Harcourt Greenhalgh of Canada Ltd., has moved in as vice-chairman. Gerry Rasmussen came from a senior role Cap-

sa Ltd. shot to be chief administrative officer. Don Allen has just arrived, fresh from leading the Canadian Imperial Bank of Commerce's New York office. The three money experts who once made Pitfield Mackay Ross Ltd. profitable—Hugh Turnbull, Tom Reilly and Terry McLeod—all joined up. And Ed Clark, a former high-ranking Ottawa civil servant, has proven to be a whiz at formulating imaginative new methods of corporate finance.

Apart from accumulating talent and deal-making, the company's aggressive thrust, Sanderson employs a sense of occasion that most Canadian investment executives have traditionally eschewed—no if showmanship were not part of their business. When the company's new \$150-million Canadian headquarters building was opened last March, guests were greeted by former U.S. secretary of state William Rogers and then went off to enjoy an afternoon with Luciano Pavarotti at Maple Leaf Gardens.

Sanderson's next daring master stroke was to spend \$25 million buying an eight-per-cent interest in the Great Lakes Group Inc., one of the most operational arms of the Toronto Borealis brothers. This moved Merrill Lynch into more contact not only with some powerful allies but with a potential creditor of underwriting possibilities.

What really makes Merrill Lynch unique in Canada is its international links. The company is more of a network than an investment house. Its telephone installation on Staten Island of New York City links 17 earth stations with communications satellites for high-speed transmissions, and their data is available to every Merrill Lynch account executive each morning, providing a chance of up to 3,600 pages of fresh investment information.

At the present only 55 of the company's 1,300 Canadian employees have been allocated the 80C computers to take home so that they can chase the world's money markets round the clock. But that figure will double this year, and eventually all of Merrill's senior traders will be able to follow the markets through various time zones on a 24-hour basis.

Just a few months ago Sanderson put a Canadian government bond dealer into Tokyo. "While there is bad debt overseas," he says, "and while he's in bed, we're trading him."

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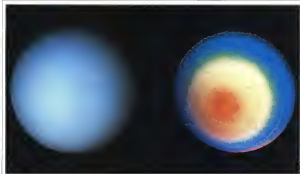
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Uranus in this color and (right) enhanced a spectacular rendezvous which reduced the mystery of the dark-ringed planet

SCIENCE

A historic voyage to a distant planet

In the annals of exploration, few developments match the event that took place on Jan. 24 at precisely 12:58 pm EST. At that time, the U.S. spacecraft Voyager 2 reached its best point for viewing the dark-ringed planet Uranus, two billion miles out in space. It was an important exercise for Voyager, which was never intended to visit any other planet after a spectacular rendezvous with Saturn in 1981. Then, scientists at the National Aeronautics and Space Administration's Jet Propulsion Laboratory in Pasadena, Calif., used Saturn's gravity to turn the spacecraft toward the seventh planet orbiting the sun—one which was then seen as little more than a cloudy, blue-green disc in stars from the most powerful Earth-based observatories. The scientists did their work well, predicting Voyager's arrival 90,000 miles above Uranus's dense, gaseous surface within one minute and 125 miles.

As it neared the planet, Voyager began transmitting photographs and data as radio waves that traveled at the speed of light—186,000 miles per second—but will took 2½ hours to reach Earth. And during the six-hour period of Voyager's closest encounter

with Uranus, these faint transmissions dramatically reduced the mystery shrouding one of the most remote members of the Solar System.

The discoveries began early in the week as Voyager detected the presence of nine previously unknown Uranian moons, bringing the total of the planet's known moons to 14. And that finding also confirmed a theory of Scott Tremaine of the University of Toronto's astronomy department. Tremaine and two colleagues had theorized that the nine thin rings around the planet would break up without the influence of at least 10 "shepherd" moons—so called because their gravity herds the jet-black debris orbiting Uranus into rings.

At week's end, the reasons why the rings were so much darker than any others in the solar system remained unclear. But data scientists had been able to detect radio waves emanating from the planet. Previously, the apparent absence of radio waves led scientists to speculate that Uranus had no magnetic field. But the waves not only confirmed the presence of a field, they will also provide researchers with valuable clues about the planet's composition.

The stream of fresh information arriving from a distant planet has excited scientists and laymen alike, but the exploits of the spaceship transmitting those discoveries are equally dramatic. Since its launch in 1977 the underpowered Voyager has proven capable of adapting to a wide array of unexpected problems. Most recently, scientists reprogrammed its computers to compensate for the difficulties of Uranian photography. The reason: data sunlight at Uranus required exposure times of as much as 16 seconds, which would cause ordinary pictures to blur. Engineers solved this problem by programming the entire spacecraft to rotate as it sped by Uranus, to effect "panning" the planet to keep its image steady in the camera's lenses. Many of the mission's Earth-based advisers say that that flexibility has amazed and delighted them. And it may continue to have that effect as it speeds on to the next encounter in its extraordinary and historic voyage—on Aug. 25, 1986, rendezvous with the planet Neptune, 27 billion miles from its home base.

—JOHN BARBER in Toronto with KEN KECHEDE in Pasadena

JUSTICE

A tougher law for young offenders

The case dramatically illustrated the difficult task of dealing with young offenders. Last December Ontario Family Court Judge Ross C. Ball found a 14-year-old boy guilty of three counts of murder eight months after police discovered a man, his wife and their seven-year-old daughter slain in their Scarborough, Ont., home. But under the new Young Offenders Act (YOA) which came into effect

In his speech to the National Forum on Youth and the Law in Ottawa, Sunday, acknowledged the act's difficulties but added that he hoped to see the amendments passed before summer. Among the provisions: more power for courts to impose a sentence longer than three years for juveniles who commit more than one crime; the prohibition of names of dangerous offenders at large; and in some cases permission for re-

year police reported that children under the age of 12 committed 1,800 crimes, including 41 cases of arson, 96 assaults and almost 100 cases of breaking and entering. Said Toronto Staff Sgt. Joan McMaster: "Young offenders and the under-16 commit every crime in the Criminal Code. But the under-16 are virtually invisible." The YOA, says McMaster, "is a landmark."

For his part, Reilly says that it is the responsibility of each province to find alternative ways of supervising young offenders and dealing with children under 12 who break the law. Ontario, for one, created the Child and Family Services Act last November. According to Arthur Denchuk, assistant deputy minister of operations for the ministry of community and social services, the new provisions will define certain categories of children who need protection. To that end it provides rehabilitative services for children who commit serious crimes as well as those who commit a series of minor offences. But many observers say that the current legislation does not ensure young offenders receive incentives to escape punishment.

Although the exact nature of the changes to the act will not be known until Reilly meets his provincial counterparts in Vancouver later this month, most police observers say that a strengthened Young Offenders Act will make their jobs easier. Said Toronto Police Chief Jack Marks: "The major concern—while still for the children—has always been for the people and the community at large. The amendments are certainly a step in the right direction."

—NORA UNDERWOOD in Toronto



Reilly: giving authorities more flexibility in dealing with juveniles

only to be kept when a person becomes 18. Said Reilly: "All of these changes will be consistent with the act's aim of public protection while meeting the special needs of young offenders and emphasizing their responsibilities."

But some police spokesmen say the changes do not go far enough. For one thing, children over the age of 7 could face charges under the former Juvenile Delinquency Act (JDA), which was in force for 71 years. But for the past two years the new law has given children under 18 immunity from prosecution in Metropolitan Toronto alone, last



Phil Atkin involved on Winnipeg packet line; anxiety has turned to violence

LABOR

Deadlocked in bitterness

For the past two months airline passengers at 40 airports across Western Canada have frequently encountered unexpected delays at their points of departure, long hours then confronting hundreds of nervous-looking strikebreakers. Many travellers have also received bluntly worded pamphlets from the 1,200 toilet bandits, flight attendants and mechanics on strike against Pacific Western Airlines (PWA), the nation's largest and most profitable regional airline. One result, "Impenetrable crews are on the ground and in the air. We are professionals and we believe your safety is at risk—from the ground up." Despite these notices, PWA has managed to keep its 21 aircraft in service through the increasingly acrimonious dispute. And although one of three striking unions (the United Auto Workers, which represents 800 terminal employees) reached a tentative agreement last week, neither side is predicting an early end to the strike.

The main issue that has contributed to the length and bitterness of the strike is the federal government's commitment to relax rules involving fares and flight routes PWA made a profit of \$28.7 million in 1984, but airline officials say that in order for it to survive in a more competitive, deregulated market it has to cut costs by asking

its work force to be more productive. Declared PWA spokesman Jack Lawson: "We need some cost advantages if we cannot get the same contracts that Air Canada and its have, or better, there is no way we can compete."

But union leaders say that the company recorded a 14.3-per-cent return on investment in the past five years—one of the industry's highest. At the same time, the strikers say that the company is asking for more than 200 unwarranted concessions, including more part-time employees, longer working days and lower salaries for new employees. Said Dennis Bottenworth, a 35-year-old flight attendant and Edmonton strike coordinator: "They are one of the most profitable airlines in North America. They are competitive now. Why do they want to raise our concerns?"

The strike reflects the anxiety that has gripped both the industry and its unions since new, nonunionized carriers began operating after U.S. deregulation in 1978 and thousands of unionized airline work-

ers lost their jobs as a result. In anticipation of similar competition, both Canadian Pacific Air Lines and Air Canada obtained concessions from their unions last year. But some observers say that the deregulated Canadian industry will not follow the same path as its U.S. counterpart. Douglas Allen Poyak, director of the Industrial Relations Research Group at the University of Calgary: "The relaxing of regulations in Canada has not been nearly as significant as it has in the United States. It is safe to ask if the airlines aren't using deregulation as an excuse to strike better contract deals with their unions."

For its part, the airline has put 500 supervisors from its Calgary headquarters into service as flight attendants and ticket agents and hired another 600 personnel for wages substantially lower than the strikers had made. At Christmas PWA president Rhea Byron authorized a \$200 bonus for each of what he called "new-hire employees." Said one picketing flight attendant at Edmonton's busy international airport: "It is a damn insult. I have been with PWA for 22 years and I have never seen two cents from the company at Christmas."

New progress at the negotiating table has been accompanied by violence on the picket lines. One of the crimes has also charged the company with unfair labor practices, erasing a deposition made by a former security guard before British Columbia's Supreme Court on Jan. 6. He claimed that his Vancouver employer, Port Western Canada Inc., which has a contract with PWA for the strike's duration, told its employees to "clear out" picketers at Vancouver's airport, and added, "Don't kill them, but if you are going to be charged with it, search you may as well make it worthwhile."

Wentpahl declined to comment in the charge, but for his part Lawson dismissed it as "bureaucracy." He added that such incidents are not helping to break the current deadlock, despite the help last week of federal mediators for the first time. But he declared that the company can afford to winnow the strikers, and added that despite their warnings about safety it is carrying the same number of passengers as it did during the same period last year.

—ANDREW STRATFORD
in Edmonton

Bottenworth: "Why raise?"



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Raising a 30-year-old veil of secrecy

The Canadian dollar was worth slightly more than its U.S. counterpart, interest rates had reached 24 per cent, and shoppers could buy a can of tuna fish for 17 cents—approximately one-tenth of the current price. It was 1955 and a time when the Cold War showed few signs of thawing. In Ottawa Prime Minister Louis St. Laurent (a man whose less fervent health and welfare minister, Paul Martin, recently described as "tired and depressed") presided over indecisive federal cabinet meetings. No issue—from the site of a new National Gallery to the recurring issue of an English pub over threatening the government's attempt to relocate embassy offices in London—seemed too small to escape the federal cabinet's attention in 1955. The unveiling of 30-year-old cabinet papers last week provided a fascinating glimpse behind the veil of secrecy drawn over the deliberations of a postwar Canadian government.

But in one instance—concerning discussion over U.S. plans to lay an underwater cable from the state of Washington to Alaska—Prime Minister officials decided not to release the paper to the Public Archives of Canada. The reason for that decision: the U.S. and Canada are still at odds over the territorial waters between British Columbia and Alaska. And although most of the 307 cabinet documents and confessions released from the 31 cabinet meetings of the St. Laurent government in 1955 will likely be little more than footnotes in contemporary history,



Archivist David Smith discussing papers and cultural sovereignty during the Cold War.

reveal the Soviet defector's identity. The cabinet's immediate problem as electricians, converting a private home from 25 cycles to 60 cycles, discovered the identity of the former spy who had worked away from the Soviet Embassy in Ottawa in 1945 with shaming evidence of Soviet espionage concealed beneath his shirt.

In response to the electrician's threat to publish Gouzenko's alias and address, the cabinet considered passing a secret order-in-council that would have made it an offence to reveal the location of Gouzenko's home.

The minutes rejected the plan when they realized that such action might result in the prosecution of ordinary citizens under the Official Secrets Act. Declared the cabinet minutes of March 12, 1955: "It might be best to take no action at all as this matter since Gouzenko had not been particularly careful in protecting his anonymity, and it seemed impracticable to preserve this anonymity indefinitely." Gouzenko

continued to use an assumed name until his death in 1982. He received a government pension and for many years had an armed body guard as he hopped in Winnipeg, Ont.

Defeating spies remains a concern, and Liberal ministers of 1985 would

also be familiar with another current issue: cultural sovereignty. Then, as now, ministers were preoccupied with a possible free trade agreement between the United States and Canada. But in 1955 the increasing likelihood of closer trade ties gave rise to concerns about Canada's cultural sovereignty—the subject of a discussion paper that federal Communications Minister Marcel Masse will say present to cabinet.

For its part, the St. Laurent government's concerns grew from the belief that U.S. television programming would swamp the offerings of the CBC. Still, the cabinet did not insist taxes to pay for the production of Canadian television programs, believing that such a decision would be unpopular with voters. Instead, the government chose a familiar Canadian solution: It decided to create the royal commission on broadcasting in December of that year to study the CBC.

The minutes themselves are bland and anonymous. They do not identify individual ministers, and there are only occasional hints of disagreements. But withholding a document on the contentious boundary dispute underlines the fact that not all the issues of 1955 are ancient history. Declared Privy Council Official Lawrence Flaxington: "We have specimens to the nth degree except when it is not in the public interest or the issue is so current and sensitive that it would not be suitable as a historical record."

—BLAIR MACKENZIE in Ottawa



St. Laurent 'laid'

In the Gouzenko case the government minutes, all bound in red leather and embossed with the words "PROCESSED IN CONFIDENCE," reveal the government's growing reluctance to



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Armano: art police and strict aesthetic rules in a brave new cultural world

THEATRE

A guerrilla with wit

Only two days remained before the premiere of their new lampooning Canadian cultural politics. But in Winnipeg last week writer David Armano and composer Girard Jean were still working at the Prairie Theatre Exchange plaza, frantically revising a song for *Winnipeg to Nord Times*, The Cultural Calaveras. By dawn they had finally crafted what would become the rousing finale to their play—one of the first assaults by a major Canadian theatre on current attitudes to the arts. At week's end, now revised, *Nord Times* confirmed Armano's reputation as a daring topical playwright; he is also coauthor of last year's satirical hit *Section 33*. The French Language Review, which is now touring Manitoba's schools. Of his latest play, which touches on U.S. cultural domination of Canada, he said: "I wrote *Nord Times* because I do not want to become an American."

Making last-minute revisions is a radical change of pace for Armano, who began working in theatre only two years ago. With his slow, deliberate speech and shy manner, the bearded University of Manitoba English professor seems an unlikely activist. An Ottawa-to-Canada-born from Ghent, N.Y., he has edited 20 literary collections and written two books of short stories and one of poetry. In 1984 Prairie Theatre Exchange artistic director Kim McCuaig discovered Armano's native, inventive stories and asked him to write a comic

drama about Manitoba's French language debate. The result was *Section 33*, which Armano created with Jean and jazz-influenced writer Claude Dugas.

The playfulness and experimentation that permeate *Section 33* are even more pronounced in Armano's newest work. He said that *Nord Times* began as a protest against last winter's federal cuts to arts funding, adding, "My friends are writers, artists and theatre people and all of them felt the effects." Set in 1999, following the triumph of what he calls "Multiculturalism," *Nord Times* examines a totalitarian state where the art police demand that art be "thirty" and assemble to the common man. Questioning whether *Nord Times* itself belongs to the brave new cultural world, they intrude on the nation demanding that the next perform *Bleeding Heartwhile*. *Nord Times* satirizes Ottawa's attempts to shift responsibility for arts funding to private patrons. At one point an impoverished artist sings, "If you show me your private sector, baby, I'll show you mine."

Although Armano plans to try his talent for dark humor in a novel, he says that theatre's lure is strong. He added, "When you write a book, you can't go home with the reader to watch him read it. But in the theatre you know right away whether something works—and that is too much fun for me to quit now."

—DORIS SMITH in Winnipeg

Scoring an onstage goal

LIFE AFTER HOCKEY

By Kenneth Brown
Directed by Michael Patterson

For most Canadians the scene has instant, mythic appeal: a lone hockey player skating around a rink, taking the odd shot at an empty net. But in *Life After Hockey*, Kenneth Brown's fifteen-year-old son's play about a national obsession, hockey becomes the vehicle for an engaging and witty comedy. As Brown, a 25-year-old Edmonton playwright and actor, skates around a miniature rink, he compounds on life and hockey with humor and parody. The play, which opened last week at Edmonton's Nexus Theatre in a capacity house, has become a minor theatrical sensation in the West since its first run at Edmonton's Fringe Theatre Festival last summer. In late spring it will move to Toronto before opening in July at the Canadian Pavilion at Expo 86 in Vancouver. Declared Brown, "It is the one thing every Canadian identifies with, unless they have been subject to perverse influences."

Life After Hockey tells the story of Ken (Rick-Rat) Brown, an over-30 hockey addict with a punkish imagination and a poet's heart. He recalls the days when riled-up Canadians made good arm pads and the Montreal Canadiens traded an "aura of magic." His countrymen are good at hockey, he reasons, because the game "has speed rates times five the smell of wet leather, throne and shroud." While fantasizing about how he just happened to score the famous winning goal at a Canada-Soviet series in Calgary, he also tells about his plucky wife, Alexia. Meanwhile, he regularly asks number 99, Wayne Gretzky, for spiritual guidance on the game. In a typical over-the-top, Grand Guy himself, provides such wise suggestions as "Practice, practice, practice."

At the play's end Brown relives his fantasy goal, performing it as if it were televised, both in instant replay and in slow motion. His performance is not only physically demanding—he roller-skates for an hour—but also self-motivated. The Rick-Rat emerges as the archetypal Canadian he has played, but never won, the game. In creating *Life After Hockey*, the actor-playwright has clearly scored a success.

—ANDREW STRAUBER

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TELEVISION

Roughing it in the bush

THE CAMPBELLS
(CTV, Jan. 30, Feb. 6)

Independent Canadian television producers have often ignored the history of their own country. But that situation shows signs of changing substantially with the coming of *The Campbells*, a 28-part family-oriented series about Scottish immigrants who settle in the Ontario wilderness in the 1830s. It premiered last week, four

misses a theme that promises a controversial yield for the series: the finding of a wife for the seemingly marriageable doctor. He does not marry the gently beautiful English aristocrat Lady Caroline Ashburn (Tanya Carraoch), who is far too primed for life in the bush. But he comes close enough to rouse the jealousy of his 14-year-old daughter, Emma (Amber-Lee Weston). Through such crises, Stoddard anchors the series firmly in his atten-



Wildman, Eric Richards, Stoddard, Weston robust pioneers and evildoing rogues

shows are airing this season and the rest will become a series in the fall. The energetic melodramas in the result of a successful co-operative effort as part of Scottish Television, Canada's CTV network and other producers. With a broad faithfulness to the robust pioneer era, the international consortium has produced an earthy, warm-hearted glimpse into life in the woods of upper Canada.

After the hero of the series, widower Dr. James Campbell (Malcolm Stoddard), arrives in Canada with his three children in 1832, they buy a partially cleared farm near the present-day city of Guelph, Ont. For dramatic reasons, *The Campbells* concentrates more on their adventures in the wilderness than on the daily drudgery of real pioneering. In the second episode the Campbell's elder son, Neil (John Wildman of *My American Cousin*), finds himself embroiled in the law comedy of a boxing match with the local strongman. The third installment

true portrayal of a benign patriarch. Indeed, he is often so generous that viewers may welcome the lack of realism which the series' most endearing rogue, Capt. Sims (Geddie Switz), supplies. He is an English Tory neighbor who seems at the more politically populist new settlers while condescending to help them.

But *The Campbells* frequently underestimates the dramatic potential of such conflicts with rapid-fire editing. Showing a cynical lack of respect both for their own material and for their viewers' attention spans, the editors too often have made their scenes flash by like something glimpsed from a speeding train. Yet as the more patiently explained moments of *The Campbells* prove, such haste is unnecessary. The trials and tribulations of Dr. James Campbell and his family can be absorbing enough to warrant a lingering look.

—JOHN REMBORE

JUNIOR ACHIEVEMENT REPORTS TO BUSINESS



Cape Breton teenager leads company over rocky road to tidy profit and "Company of the Year"

Times have not been easy for any business in Cape Breton over the past few years. Yet 10 determined high school students made an outstanding success of their Junior Achievement company, *Jaatomic Enterprises*.

The business began in October, 1983, with 18-year-old Cheryl Carver as President. They elected a board of directors, designed and marketed a product—a waterproof travel case—and wound up the business in the spring of the school year, in accordance with Junior Achievement practice. At that time the student business paid its shareholders \$3.20 for each \$2 share—an earnings record

that could be the envy of many an old established firm.

For its success, *Jaatomic Enterprises* was chosen from among 400 JA businesses as 'Company of the Year.'



The waterproof travel case made and marketed by *Jaatomic Enterprises*—JA's "Company of the Year"

All JA businesses are advised by adults. In *Jaatomic's* case this was a team of four executives from Atomic Energy of Canada Limited. According to Dick Farler of the advisory group, "My greatest reward was in watching the young peoples' personal growth, the development of their self-confidence and sense of responsibility toward each other."

Junior Achievement of Canada gives high school students practical 'hands on' experience in operating a business. It is funded by corporate donations, and assisted by volunteer advisers from Canadian companies.

If you're interested in finding out how you can assist JA in this valuable work, please call the Junior Achievement office listed in your white or yellow pages, or write: Junior Achievement of Canada, 75 Browns Line, Toronto, Ontario, M8W 3S2.

Invest in a growth industry: Young Canadians

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